

Annual Report

2022-2023



Contents

Up front

3	Our vision statement
4	About your company
6	2022/23 Highlights
9	Summary statistics 2022/23
10	Chairman's report
11	CEO's report
12	Collaboration
14	Sheep Production
18	Consultation
20	Industry Development
22	Marketing
24	Market Analytics
26	Corporate Services
28	AWI Board of Directors
20	Corporate governance
32	Balanced portfolio and priority alignments

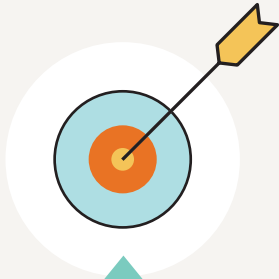
Financial report

36	Directors' report
39	Auditor's independence declaration
41	Consolidated statement of comprehensive income
42	Consolidated statement of financial position
43	Consolidated statement of changes in equity
44	Consolidated statement of cash flows
45	Notes to the financial statements
69	Directors' declaration
70	Auditor's independent declaration
72	Report on compliance with the SFA

Appendices

76	Project list 2022/23
80	Performance principles
82	Performance against Annual Operating Plan targets

Our vision statement



Our purpose

- > To enhance the profitability, international competitiveness and sustainability of the Australian wool industry.
- > To increase value, demand and market access for Australian wool.
- > Through collaboration and consultation with stakeholders, to invest in research, development, extension and marketing initiatives.



Our vision

To be a highly valued contributor through collaboration and consultation with stakeholders from farm to fashion in a vibrant wool industry and turn investment into returns through targeted innovations in research, development, extension and marketing.



Our goals

- > To position Australian wool as the sustainable, natural, renewable, and biodegradable fibre of choice.
- > To contribute towards an increase in the gross value of Australian wool production through AWI's efforts to increase demand, price and productivity.

About your company

AWI is the R&D and marketing organisation of the Australian wool industry.

What AWI does

Established by the Australian Government in 2001, AWI is the research, development (R&D) and marketing organisation for the Australian wool industry.

The company invests along the global supply chain for Australian wool – from woolgrowers through to retailers.

AWI is not a peak industry body, does not create or execute industry policy, and is not an advocate on issues outside its core functions.

AWI works with the Australian Government through legislation (the *Wool Services Privatisation Act 2000*), regulations and an agreement between AWI and the Australian Government called the Statutory Funding Agreement that defines the conditions under which AWI may invest wool levies and Government-matched funds.

AWI shareholders

AWI had 18,126 shareholders at 30 June 2023. AWI shareholders are able to shape the decision-making process of the company via their access to information and right to vote at AGMs. AWI shareholders are entitled to one vote for every \$100 of wool levy paid in the three financial years before any vote.

A share in AWI is not tradeable and is of no capital value.

At 30 June 2023, there were 16,667 AWI shareholders that had paid \$100 or more in wool levies in the past three financial years and were eligible to vote. This was a decrease of 1,345 eligible shareholders during the past 12 months.

How AWI is funded

AWI investments are funded primarily through a wool levy paid by Australian woolgrowers and a matching contribution from the Australian Government for eligible R&D activities, capped at 0.5 per cent of the gross national value of wool production. The sale of Woolmark licences is one of the other sources of income for AWI.

See page 9 for a financial summary of the company's income and expenditure.

Woolgrowers vote every three years on the percentage of the sale price received for their shorn greasy wool that they would like to invest in industry R&D and marketing activities. In WoolPoll 2021, woolgrowers voted in favour of a 1.5 per cent levy.

Wool levy payers

AWI works on behalf of all wool levy payers, not just AWI shareholders. There were 62,077 wool levy payers at 30 June 2023.

Paying wool levies does not make the levy payer automatically a shareholder of AWI – they must apply. Levy payers who are not already an AWI shareholder can contact the AWI share registry at Link Market Services on 1800 113 373 (free call) to enquire about becoming a shareholder.

At 30 June 2023, there were 40,387 wool levy payers that had paid \$100 or more in levies in the past three years and so were eligible to become an AWI shareholder.



Woolgrowers
are at the heart
of everything
that AWI does.

PHOTO: STUART WALMSLEY



SHEEP PRODUCTION

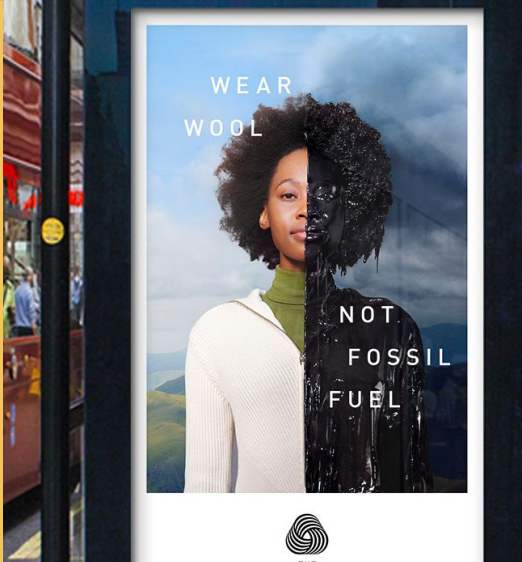
AWI began funding promising research into a new opportunity for biological harvesting, and clearance rates, dose and safety trials have started.

SHEEP PRODUCTION

LTEM program was evaluated, the BCR is **8.19** which means that for every \$1 invested there was a \$8.19 return of investment to the woolgrowers.

TRACEABILITY

Report on a gap analysis investigating the profitability of end-of-life pathways of wool relative to other fibre types has been completed.



2022/23 Highlights



MARKETING

The International Woolmark Prize (IWP) program was evaluated on a 10-year period and the benefit cost ratio (BCR) was **2.41 with an estimated return of \$76m**

MARKETING

Australia Woolgrower Campaign achieved **63% uplift in purchase intention** amongst younger audiences (18-39)

CONSULTATION

There are **18,743 active participants** in AWI extension activities

INDUSTRY DEVELOPMENT

There were **2,969 Woolmark Learning Centre course completions**





A participant at an AWI-funded crutching school at Muresk in WA in March.

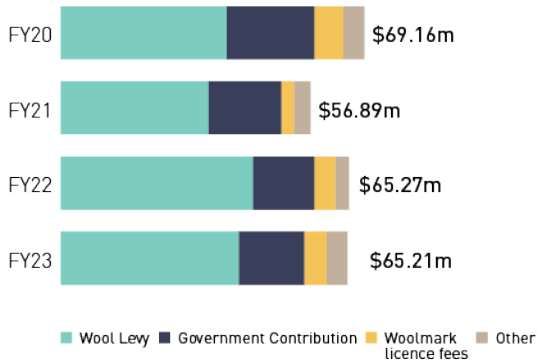
Wool is a 100%
natural, renewable
and biodegradable
fibre.



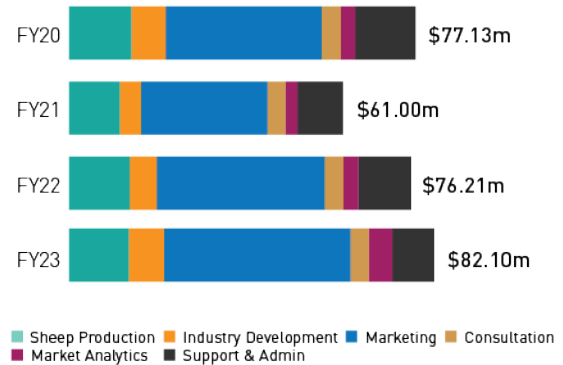
PHOTO: SOUTHERN
LIGHTSCAPES-AUSTRALIA

Summary statistics 2022/23

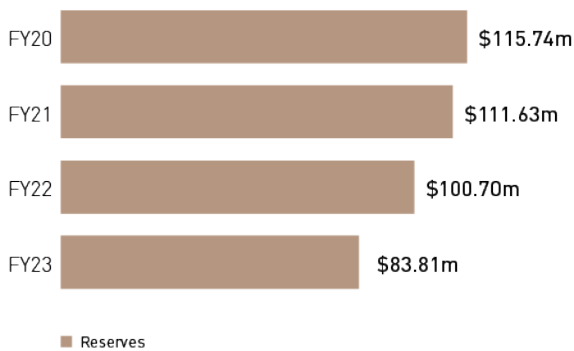
AWI Revenue



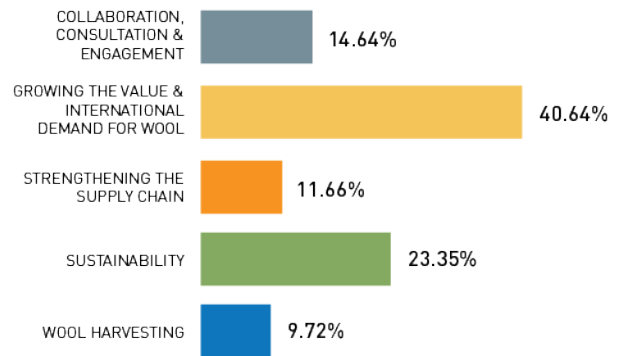
AWI Expenditure by Portfolio



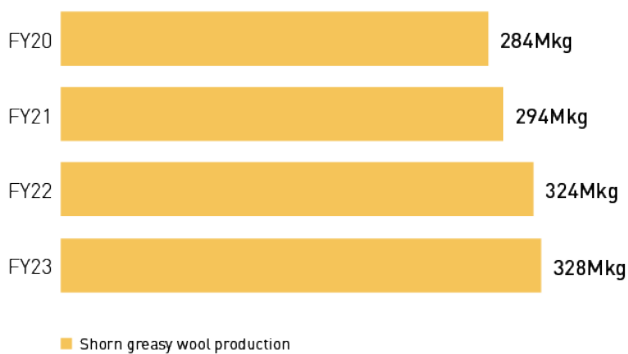
AWI Reserves



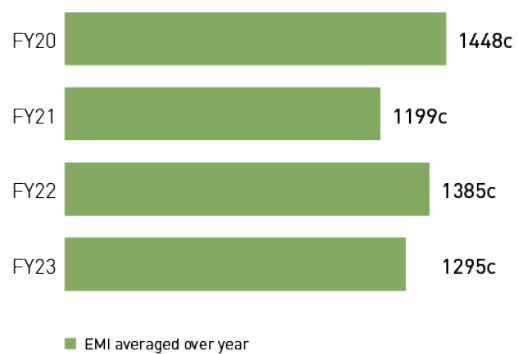
AWI Expenditure by Priorities



Australian Wool Production



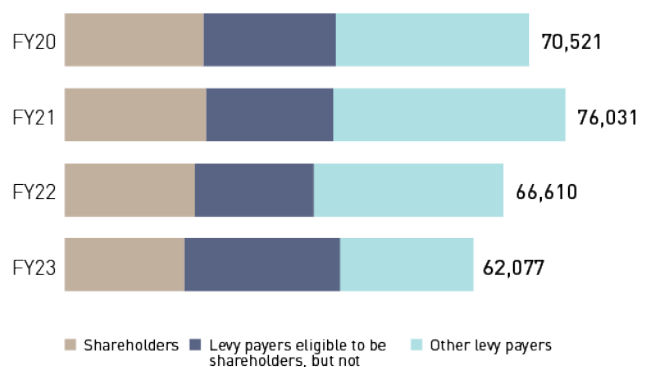
EMI



AWI KPI's



AWI Shareholders/Levy payers



AWI undertakes R&D and marketing on behalf of Australian woolgrowers to enhance the profitability and sustainability of the Australian wool industry.

There are plenty of opportunities for the Australian wool industry but there are also threats that need to be addressed. This past year has seen AWI work hard to tackle these key industry issues across the whole supply chain for Australian wool, from woolgrowers through to consumers.

A major challenge for woolgrowers has been the lack of shearers and wool handlers to harvest their wool. In response AWI has had a multipronged approach by investing heavily in training and retention of wool harvesting staff, improving shed design, modular race delivery systems and by working on a net free biological wool harvesting method which has the potential to be a game-changer for the industry.

Managing flystrike continues to be another challenge faced by woolgrowers. AWI's Flystrike Extension Program continued to expand this year, providing woolgrowers with practical information, tools and workshops on flystrike management. The program can benefit all woolgrowers regardless of their sheep type, climate, operating environment, or husbandry practices.

AWI supports all woolgrowers in their choice of best practice animal health and welfare control options. AWI's job as the R&D body for the industry is to provide options for woolgrowers – and that is what we do. It's not our role to tell woolgrowers how to best manage their enterprises, be it regarding animal health or any other aspect of their business.

We have also been addressing key challenges in our markets. For example, we have made good progress in influencing the environmental impact labelling proposals in the European Union, we have continued to focus our textile R&D on the trend towards the casualisation of apparel, and our marketing has adapted to the growth in e-commerce, particularly amongst the new generation of premium consumers.

The natural, biodegradable and renewable benefits of wool make it highly suitable for the market's growing mega-trend towards sustainable products. This presents a great opportunity for our industry, but it needs investment in science and marketing to ensure that consumers, trade and government are fully informed.

Undertaking R&D and marketing to exploit opportunities such as these and to defend the industry against threats is AWI's role – but we of course need the resources to be able to fully carry out this task.

In the four years since the wool levy was reduced from 2.0% to 1.5%, the company's once healthy financial reserves have fallen by about a third. The reserves are now at their lowest level for about a decade. AWI's expenditure has exceeded its revenue for the past four years, in 2022/23 by nearly \$17 million, and expenditure is again forecast to exceed revenue in the current 2023/24 year by more than \$10 million. We realise that this level of expenditure cannot go on; during the next couple of years, we will have to make tough decisions to cut expenditure in some key projects.



Despite the company's decreasing revenue and the challenging global economic conditions that our markets have faced during the past year, AWI's three-year Strategic Plan for 2022/23 to 2024/25 remains very relevant and robust.

AWI has a formal framework in place that measures and evaluates the returns gained on investments made by the company in R&D and marketing to ensure value for money for woolgrowers and the Australian government.

The Australian wool industry operates in a dynamic and competitive global market, and I believe that with the right investment we can create and take advantage of opportunities to see this great industry stride ahead.

Jock Laurie
Chairman,
Australian Wool Innovation
24 August 2023

Despite challenging economic conditions, AWI has this year continued to work hard to address the issues that are of greatest importance to woolgrowers.

Following the post-COVID rebound of the global economy during 2020/21-2021/22, the past year in contrast saw challenging economic conditions exemplified by stagnant GDP growth, rising interest rates and damaging inflation in many key markets. This gloomy global economic situation created weaker consumer spending that was reflected in a lower average EMI of 1295c for the 2022/23 year.

Despite Australian wool production rising for the third year in a row, AWI's revenue fell slightly in 2022/23. The year's revenue was just 64% of what it was four years previously in 2018/19. By drawing down about \$17 million from its reserves, the company was able to invest in the areas of R&D and marketing that woolgrowers have told us are important to them.

AWI already operates in a cost-effective manner, but we were this year able to reduce our administrative costs even further through increased efficiencies. In addition, by working collaboratively on many projects with industry participants on-farm and throughout the supply chain, we have ensured that there is an efficient investment and leverage of funds that deliver value to Australian woolgrowers.

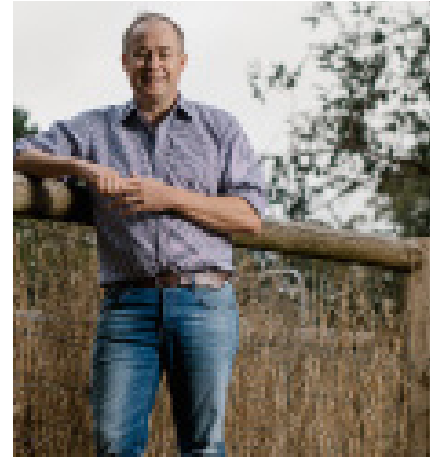
Attracting and retaining wool harvesting staff in the industry was the company's number one priority this year, and it remains so. As well as putting extra resources into the training of shearers and wool handlers, AWI continues to look at technology-based opportunities – such as biological wool harvesting to novel sheep delivery systems – to make it easier and more efficient to harvest wool.

Other key areas of on-farm investment during 2022/23 have been in projects to optimise sheep health and welfare, improve the genetic gain of sheep, increase the reproductive efficiency of ewes, and harness opportunities for on-farm automation. In addition, we have delivered practical training programs through our extension networks in each state to increase producers' adoption of best practice on-farm production and management. We have also provided timely market intelligence to woolgrowers, held many face-to-face industry events, and run projects to encourage the next generation into the industry.

Our consultation and engagement with woolgrower representative bodies through the Woolgrower Industry Consultation Panel (WICP) and the Woolgrower Consultation Group (WCG) is working well. In addition, AWI Industry Relations Officers were this year appointed for the first time in NSW, SA and Vic, joining the position already running in WA; I'm pleased to see that they are proving effective at managing AWI's on the ground relationships and engagement with woolgrowers and wool industry networks in their state.

In the off-farm area, AWI has continued to work on behalf of woolgrowers to increase demand and market access for Australian wool, by promoting the fibre's premium natural qualities, especially for luxury apparel and sportswear.

A particular focus this year has been on promoting the eco-credentials of Australian wool. Our powerful 'Wear Wool, Not Fossil



Fuel' campaign had an amazing reception with strong and positive results. The company's spotlight on the eco-credentials of our nation's fibre will be a permanent feature of our marketing into the future as we become more proactive in driving our market's sustainability agenda.

Our wide network of supply chain partners has this year continued to explore new and diverse product and processing opportunities for wool. These activities work to benefit all wool categories from fine Merino wool right through to broader crossbred wools.

I assure you that AWI, the wool industry's R&D and marketing body, will continue to work hard on behalf of all Australian woolgrowers that fund the company.

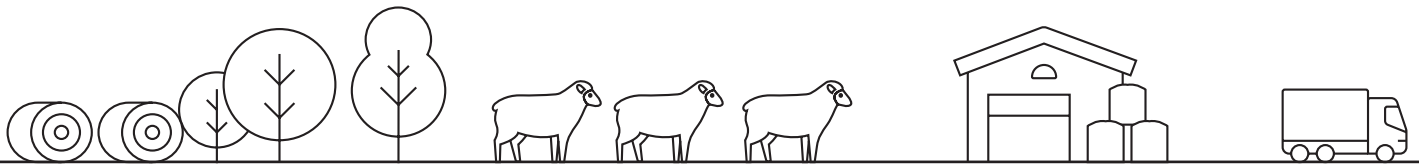
John Roberts

CEO

Australian Wool Innovation

24 August 2023

Collaboration

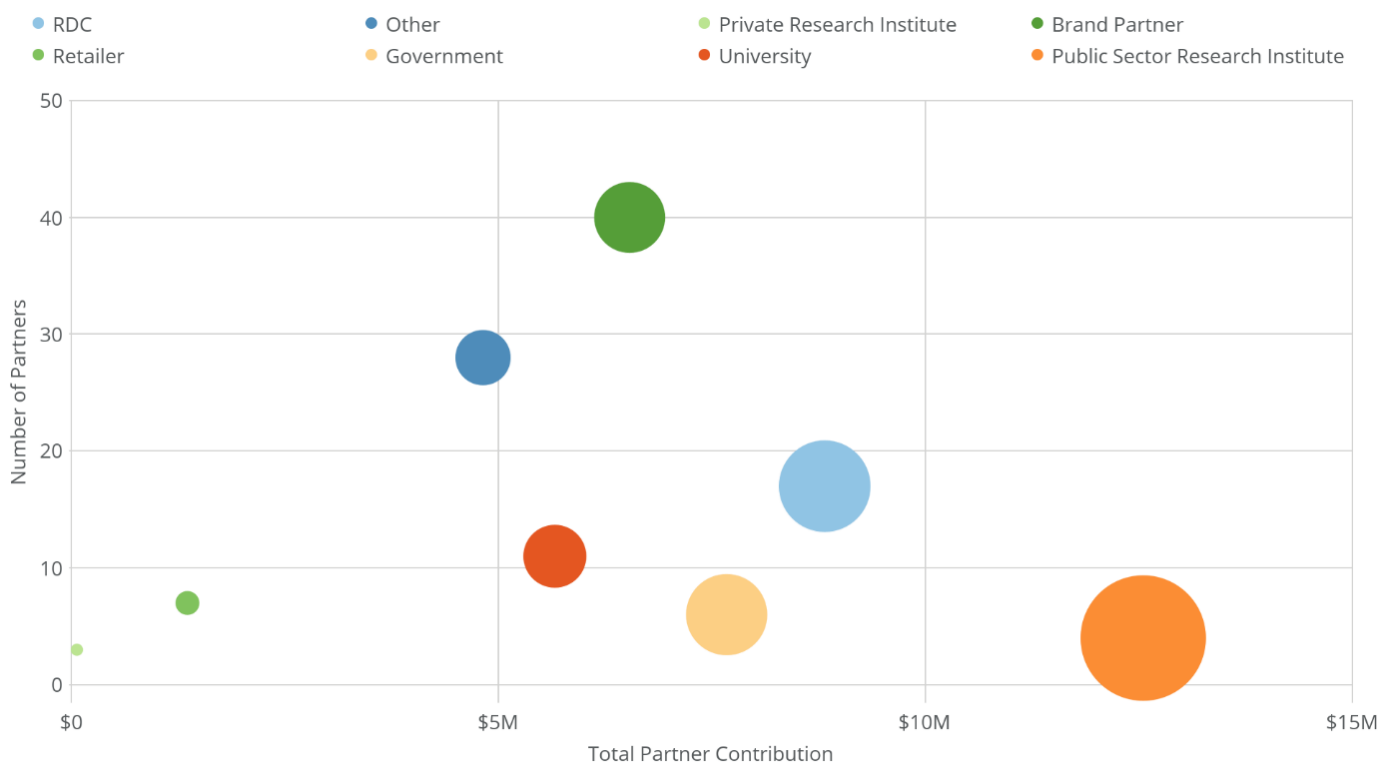


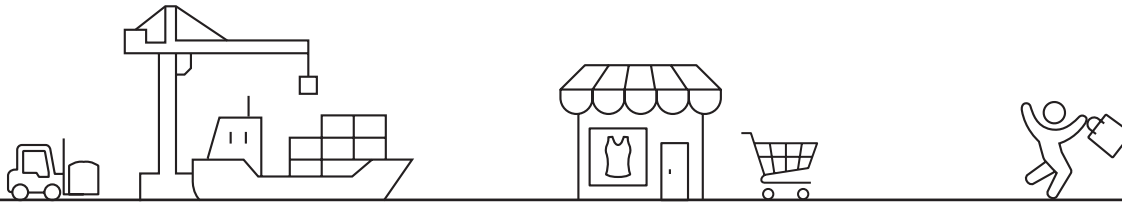
AWI maximises the investment of Australian woolgrowers and the Australian Government's funds through pursuit of collaborative opportunities with industry participants on-farm and throughout the supply chain. This enables effective sharing of knowledge, efficient investment of funds and a greater scope of activities. Through collaboration with Research & Development Corporations, public and private research organisations, brand partners, manufacturers, producers and retailers, AWI leverages greater funds to invest in activities that deliver value to Australian woolgrowers. Where possible, AWI pursues collaborators in projects for both cash and in-kind (goods, time and knowledge) contributions to deliver greater benefits to Australian woolgrowers and broader stakeholders.

The graph below shows the number of projects that were collaborative in nature and the type of organisations. It also shows the projects with the total partner contributions.

Some of the examples of our partner collaboration under these types are highlighted below:

- Brand Partners – Bonpoint, Nissan, Prada, Goodwool, CUBUS, Sportscraft, Zegna Baruffa Lane Borgosesia, Saks and others.
- Rural Research Development Corporations – AWI collaborated with 11 out of 14 RDCs, these included Meat & Livestock Australia, Dairy Australia, Sugar Research Australia, Australian Eggs and others.





- Retailers – Matches Fashion, Sportscraft, Hugo Boss, Farfetch and others.
- Universities – The University of Adelaide, The University of Sydney, Charles Sturt University, Murdoch University, The University Of New England and others.
- Government – Government of South Australia, Department Of Primary Industries And Regional Development, Department Of Industry, Science, Energy & Resources, Department of Agriculture & Water Resources and others.
- Public and Private Sector Research Institutes – CSIRO, South Australian Research & Development Institute (SARDI).
- Others – International Wool Textile Organisation, British Wool Marketing Board, Campaign for Wool New Zealand Trust, Cape Wool SA and others.

AWI collaborators across the supply chain

AWI delivers value by building new and strengthening existing partnerships across the supply chain. In the 2022/23 financial year, AWI established 150+ partnerships with various parties that operate both locally and globally. Below is a selection of some of them.



Woolgrowers inspecting sheep at the Merino Lifetime Productivity field day at Balmoral in Victoria.

Sheep Production

4,031 novice and intermediate level participants trained by AWI shearer and woolhandler trainers.

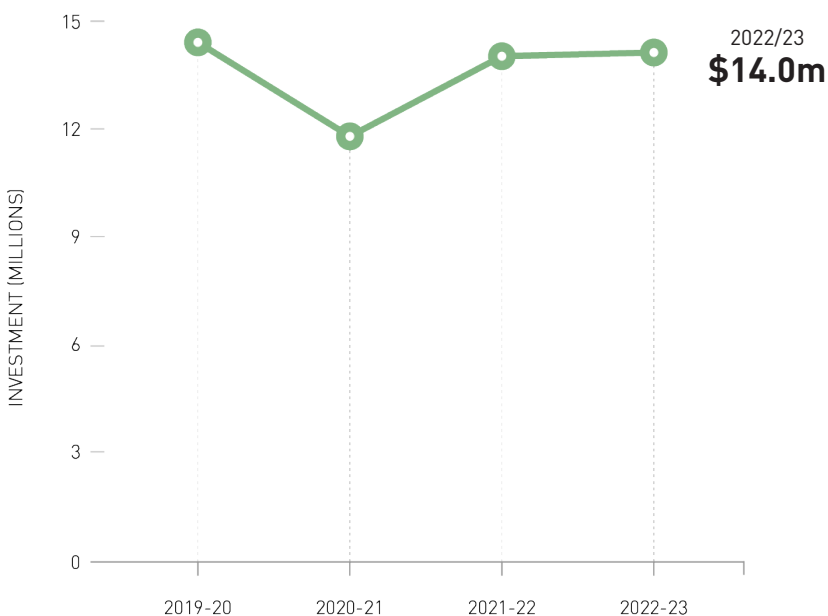
27 woolgrower flystrike extension events were delivered.

RIST continues to deliver LTEM successfully with 935 participants enrolled in the LTEM course across NSW, VIC, TAS, QLD, SA and WA.

Shearer and wool handler retention rate was 81%.

Portfolio objective: Increase the productivity of sheep and land and the efficiency of use of inputs and resources whilst enhancing Australia's reputation for sustainability.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

39 TARGETS

- 23 Achieved
- 9 Partly achieved
- 7 Not achieved



See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

AWI's Flystrike Extension Program

AWI is helping woolgrowers tackle flystrike through its comprehensive Flystrike Extension Program. It's Fly Time!™ provides woolgrowers with practical information in the lead up to, and during, high-risk flystrike periods; while DemystiFly™ provides information about managing chemical resistance in blowflies. This year, the SimpliFly™ one-day workshop that helps woolgrowers develop a property-specific, strategic flystrike management plan was launched. ClassiFly™ workshops to help woolgrowers increase their understanding and skills in breeding for flystrike resistance were piloted for rollout in late 2023.

New investment in methane-reducing supplements

The Australian sheep and wool industry this year received another boost in its strategy to reduce on-farm greenhouse gas emissions, with the Government announcing extra funding for more AWI-supported research projects into the delivery of feed supplements to grazing sheep, which aims to reduce the amount of methane that they belch.

Research shows value of pregnancy scanning

Major new research has this year shown that pregnancy scanning has a high return on expenditure for sheep producers, with scanning for multiples increasing potential profit by an average of \$5.55/ewe scanned, across 32 scenarios that the researchers examined from summer and winter rainfall regions. Scanning for multiples provided twice the value of scanning for only pregnancy status.

Merino Lifetime Productivity project

This 10-year project aims to better understand how current selection approaches relate to lifetime performance and to learn more about the genetics and economic interactions, across a diverse range of Merino types delivering high quality wool, lambs and meat through life. It has been run at five sire evaluation sites located across Australia, with analysis of the unique and extensive dataset now underway. The results will be used to enhance existing Merino breeding and selection strategies, for both ram sellers and buyers, to deliver greater lifetime productivity and woolgrower returns.

School Merino wether challenges

This year for the first time, students from schools across Tasmania and Queensland joined their counterparts in South Australia, New South Wales and Western Australia to gain practical hands-on sheep management experience by looking after teams of Merino wethers as part of state Merino Wether Challenge competitions.

Lifetime Ewe Management

AWI continued support of the Lifetime Ewe Management (LTEM) course during the year, with 935 participants enrolled across Australia. Delivered through Rural Industries Skill Training (RIST), the course aims to increase producers' understanding of the influence of ewe nutrition and management on overall reproduction rates and lamb and ewe survival. Producers develop the skills to manage their ewes to achieve condition score targets and explore the benefits of supplementary feeding and pasture management to review stocking rates.

Filling the feed gap with shrub systems

A four-year project run by CSIRO and funded by AWI and Meat & Livestock Australia (MLA) demonstrated to sheep and wool producers how new shrub systems can fill the late summer/early autumn feed gap and make unproductive agricultural land more profitable. A key result of the research is that a new generation of perennial shrubs has been identified that have the capacity to double existing biomass growth rates and could have the potential for direct seeding. The ultimate aim of AWI's investment in the project is for woolgrowers to improve their whole-farm stocking rates and help them manage seasonal risk.

Exclusion fencing aids productivity & the environment

New research demonstrated the positive environmental impacts that exclusion fencing has on rangeland sheep grazing properties due to sheep producers' ability to better manage total grazing pressure and access to land, as well as reduce predation on sheep and lambs. The project developed nine case studies that detail the positive impacts of exclusion fencing over a five-year period.

Portfolio highlights of 2022/23

Wool harvesting

The aim of this program is continue improving wool harvesting, which is the number one issue for many woolgrowers. AWI has a multipronged plan to tackle the issue head on and make a difference. Highlighted below is the progress made in key areas.

Shearer and wool handler training

AWI this year funded more shearing and wool handling training courses to attract and retain new entrants into the wool harvesting industry, build the capacity and longevity of existing staff, and increase returns to woolgrowers through improved clip preparation practices. 4031 novice and intermediate wool harvesting participants were trained, and the retention rate was 81% for the year. AWI encourages learner shearers to stay in the industry by providing extra in-shed coaching training days and in partnership with Heinger, providing a 'AWI Learner Shearer Toolbox', containing a handpiece and other shearing gear.

AWI wool harvesting innovation demonstrations

AWI has showcased to woolgrowers across the country the latest results of AWI R&D into new wool harvesting technologies – such as the AWI Sheep Delivery Unit that reduces the catch and drag – as well as commercial wool harvesting products from third party manufacturers. AWI has worked with interested growers to introduce the race into their existing shearing sheds, leading to an increase in productivity of their existing infrastructure and there have been more than 100 modular units in every wool-growing state in Australia. Following on from this success, AWI now has more commercial businesses manufacturing the modules and race delivery sheds:

- StockPro Livestock Handling and Equipment, Condobolin NSW
- Proway Livestock Equipment, Wagga Wagga NSW
- Kyabram Steel, Kyabram, Vic
- RW Engineering, Darkan, WA
- Commander Ag-Quip, Albany, WA
- Haynes Engineering, Naracoorte, SA

AWI has also been proactively promoting to woolgrowers other AWI initiatives to make wool harvesting safer, easier and more efficient and thereby attracting and retaining more shearing shed staff.

These initiatives include:

- Safesheds shearing shed safety program
- Shed safety signage kit
- Safety and sheep welfare poster
- AWI Shearing Shed Design
- AWI's shearing shed design considerations guide
- Wearable tech to measure muscle fatigue and shearing injuries.

Biological wool harvesting

AWI began funding promising research into a new opportunity for the biological harvesting of wool that generates a weakened zone at the base of the wool fibre but, importantly, enables the fleece to stay on the sheep without a net until the wool can be removed. This is an AWI-funded project with the University of Adelaide. Compared to traditional shearing, biological wool harvesting will improve wool quality by eliminating skin pieces, second cuts (thereby resulting in even fibre length) and creating slightly reduced fibre diameter at the tips. Health and safety issues around sharp handpieces would be eliminated, and animal handling injuries could be minimised through the use of upright platforms or conveyor belts.

Consistency workshops for wool harvesting trainers

The very best shearing and wool handling trainers from across the country came together at a series of three regional workshops in June to share best practice techniques and ensure that a high level of training is carried out at AWI-funded shearing schools. A total of about 60 of Australia's best shearing and wool handling trainers gathered at the consistency workshops held at Naracoorte in South Australia for SA, Vic and Tas trainers; at Dubbo in NSW for NSW and Qld trainers; and at Narrogin in WA for WA trainers. The focus was on a practical and hands-on approach to training.

Cooperation on Trans-Tasman training

In another initiative to help alleviate the shortage of shearers and wool handlers, Australian and New Zealand training providers have begun working together to ensure consistency of shearing and wool handler training across the Tasman.

THE TRAFFIC LIGHT OF STAIN

If you see these colours in the wool, it must be removed.

-  Blood, skin and brands
-  Urine and brands
-  Pen, dags and brands



THE FIVE PILLARS OF SHEARING







AWI Chairman Jock Laurie talking with woolgrowers at the Walcha Flock Ewe Competition in March.



Consultation

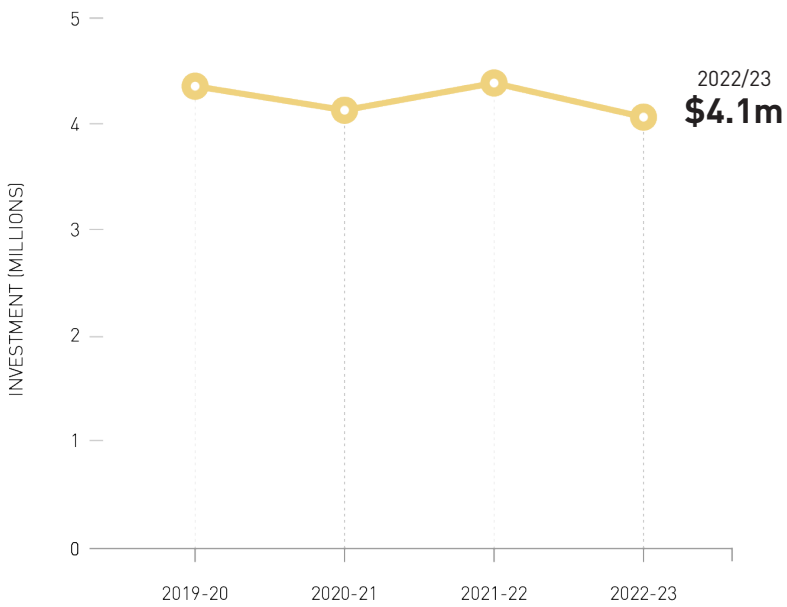
AWI staff were able to attend more than 150 events.

WICP met four times in the 22/23 FY.

92% of growers find value in Beyond the Bale as a source of information.

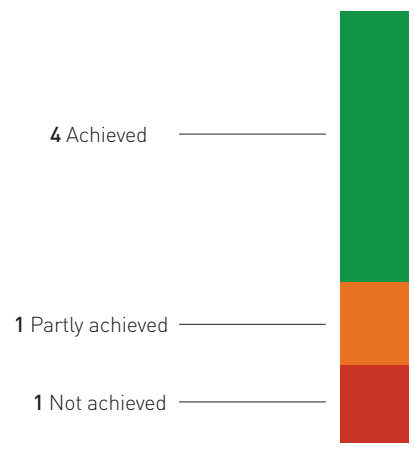
Portfolio objective: To build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI's business activities.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

6 TARGETS



See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

AWI Woolgrower Consultation and Communications Plan

To further strengthen industry consultation processes and reach more woolgrowers with targeted communications, AWI developed and published a new strategy in July 2022 that lays out the company's comprehensive planning and consultation cycle. The strategy will be reviewed annually to ensure that it continues to be fit for purpose.

Extension networks

AWI's six state-based grower networks are the company's key investment in extension and communication for the sheep and wool industries of each state. They each provide opportunities for woolgrowers to source valuable and timely farming information and expertise, and to get involved in practical programs that focus on making positive changes to on-farm production and management. All woolgrowers are encouraged to get involved.

AWI Industry Relations Officers

For the first time, AWI Industry Relations Officers were this year appointed in New South Wales, South Australia and Victoria, joining the position already running in Western Australia. The Industry Relations Officers are responsible for managing AWI's on the ground relationships and engagement with woolgrowers and wool industry networks in their state.

Industry events

AWI staff and/or Board members attended and provided support to more than 150 wool industry events during the year. Those events attended during the year have included field days, sheep shows, ewe competitions, sheep classing workshops, ram sales, extension network Producer Advisory Panel meetings, and other sheep and wool industry meetings.

AWI communications

- *Beyond the Bale* magazine was posted quarterly direct to about 34,300 Australian woolgrowers and wool industry stakeholders, and the related *Beyond the Bale* e-newsletter was emailed to about 8,800 recipients each quarter.
- AWI's Woolgrower monthly e-newsletter was emailed to an average of about 8,600 recipients.

- The Yarn podcast averaged 1,207 downloads for each of the 28 episodes produced during the year.
- The Wool.com website is undergoing a revamp and received more than 250,000 visits during the year.
- AWI social media channels, with respective followers at 30 June 2023 and percentage increase during the year, were:

 **8,051 followers** (+3%)  **8,902 followers** (+30%)
 **6,310 followers** (+19%)  **3,650 subscribers** (+14%)

Consultation with representative bodies

AWI has two key forums through which it formally consults and engages with woolgrower representative groups, the Woolgrower Industry Consultation Panel (WICP) and the Woolgrower Consultation Group (WCG). The WICP has nine members from national woolgrower representative organisations, is led by an independent chair, and also includes representatives from the Department of Agriculture, Fisheries and Forestry (DAFF) and AWI. The purpose of this forum is to ensure a clear two-way consultation between AWI and organisational representatives through to woolgrowers. Meetings were held four times during 2022/23 (August 2022, October 2022, February 2023, May 2023). An AWI Business Unit Update that is provided to the WICP at each meeting, plus a communique from the WICP chair summarising the proceedings of each meeting, are available on the AWI website. The WCG is a broader group comprising 29 representatives and meets twice each year with a focus on wool industry issues.

Liaison with government stakeholders

AWI has regular and informal discussions and meetings with government officials on a range of issues. AWI aims to work productively with Federal and state government stakeholders to ensure a sufficient understanding of the wool industry, AWI priorities, and outcomes of AWI's investments.



Brands and retail buying teams at The Woolmark Company's booth at Pitti Filati a tradeshow in Italy.

Industry Development

9,120 swatch requests from The Wool Lab.

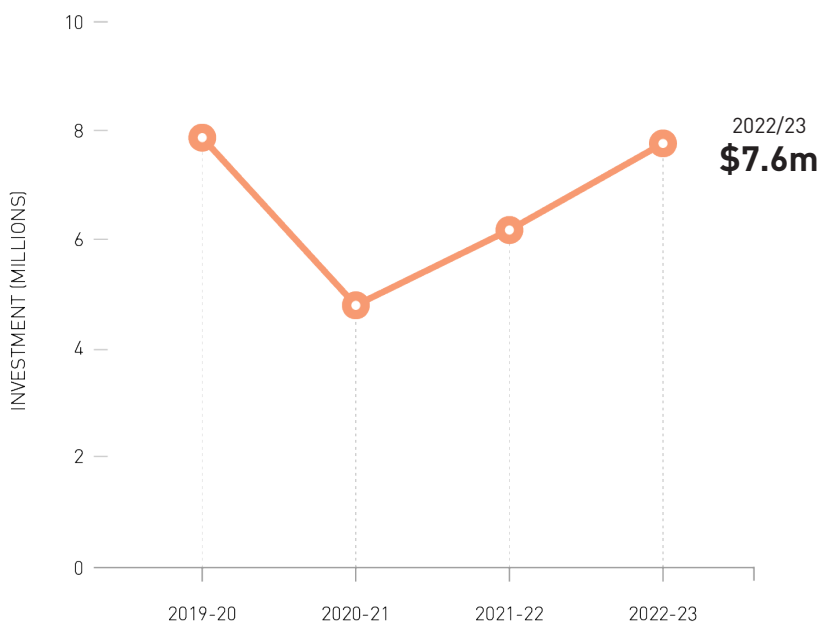
26 natural dyed fabrics tested and supported the production of 16 trial samples.

5,345 students participated in the fashion & textile engineering tertiary education program.

22 tradeshows exhibited with 3,391 leads acquired.

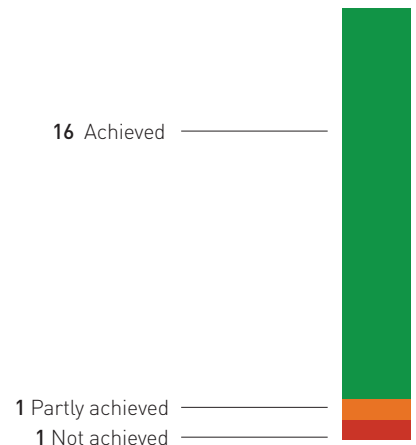
Portfolio objective: Increase the profitability and sustainability of the wool processing and manufacturing supply chain and educate students, trade and retailers about the benefits of wool.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

18 TARGETS



See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

Trade shows promote Australian wool

International trade shows have resumed following the easing of COVID, with The Woolmark Company once again exhibiting at the most important of them to inspire the world's leading manufacturers, brands and retailers to include Australian wool and new product developments in their upcoming collections. The trade shows provide The Woolmark Company with an important source of leads for continual business development as well as the opportunity to support trade partners.

The Wool Lab sourcing guide

First launched in June 2011, The Wool Lab is a sourcing guide for designers and brands that contains swatches of a selection of the most innovative and quality wool fabrics, yarns and processes commercially available on the market from the best spinners, knitters and weavers in the world. In line with global trends, The Wool Lab helps to inspire brands' material strategies and forge strong relationships within the supply chain, thereby increasing the demand for wool. As well as being available as physical books, it is also available on Woolmark.com via The Wool Lab Digital platform, which has this year been enhanced with new features.

Partnerships with global development centres

The Woolmark Company has continued to partner with development centres across the world to help connect brands and manufacturers with the supply chain and thereby help build new collaborations, commercial opportunities and demand for Australian wool. The development centres are located in Europe (D-House Urban Lab, Italy; La Caserne, France; WoTO, Netherlands) and China (Nanshan Weave Centre; Xinao Knitwear Development Centre; Donghua Wool Education Centre).

Innovation opportunities

The Woolmark Company pursued the development of product innovations, demonstrated for example by the launch of the new performance wear capsule collection for mountain and snow sports, as well as new sustainable processing with a focus on natural dyeing. The transfer of technology to brands to strengthen industry capabilities in both existing and emerging markets was undertaken in areas including footwear, fashion, activewear, elite sports, interiors and automotive products.

Brand and retail education

The Woolmark Company works with brand and retail partners to help educate their sales staff and others about the benefits of wool, so they can advise consumers more appropriately and increase purchases of wool products. The training programs continue to perform well, with many training sessions resuming in a face-to-face capacity; there were 224 training programs delivered this year, far exceeding the target of 30.

Tertiary student education

The Woolmark Company continues to foster the education and development of tertiary textile and fashion students – inspiring them in the early stage of their careers about the properties and benefits of Merino wool, and encouraging them to continue to use the fibre in their designs as they progress through their professional lives. The majority of activity this year was through Naturally Inspiring seminars, Masterclasses and Woolmark Performance Challenge workshops.

Woolmark Learning Centre

The Woolmark Learning Centre is a free web-based hub that houses world-class educational resources about wool for learners at all levels. New courses launched this year were on topics including seamless knitting, textile printing, waste water management and a course for woolgrowers on wool price risk management.

Wool science courses in India

While courses from The Woolmark Company's wool science and technology program have been delivered for many years to textile students in China to help ensure that the country's mills can manufacture quality products made from Australian wool, courses were this year also delivered in India to encourage educators in India to adopt the resources for face-to-face education about wool processing in the subcontinent.

Learn About Wool

AWI's Learn About Wool education resources continue to help teach primary and secondary school students across Australia about the natural benefits of Australian wool and the production process of wool products. This year, a special set of learning resources were made available to help teachers deliver an engaging and educational 10-week program about sheep and wool production to their students.

WEAR
WOOL

Eye-catching imagery from
The Woolmark Company's
successful eco campaign
launched in September 2022.

NOT
FOSSIL
FUEL

Marketing

Cabaia x TWC partnership had a collection of 6 SKUs, 100% wool, and added one SKU to 2023 collection, resulting in a BCR of 2.27.

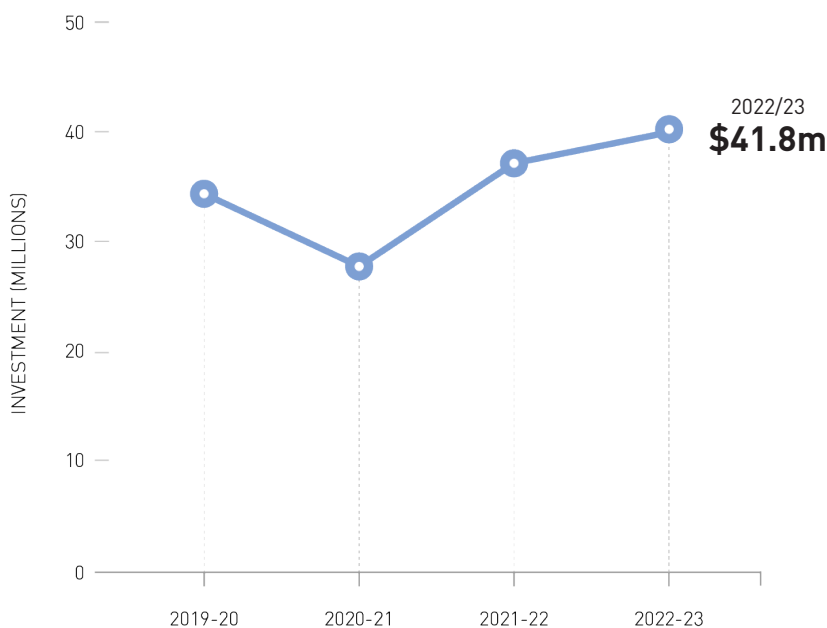
Western Hem social media 2022-23 gained +40% Gen Z followers across Instagram and TikTok year on year.

Farfetch China e-commerce partnership had +550 Merino wool products displayed in Merino wool hub and 217% YoY growth in "Merino wool" keyword search.

Goop holiday x TWC partnership had a 100% sell through rate of wool products that were featured in the Holiday Gift Guide.

Portfolio objective: To continue to build demand for Australian wool by reinforcing its position in the market and solidifying a strong price to ensure a sustainable future for Australian woolgrowers.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

16 TARGETS

16 Achieved

See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

Wear Wool, Not Fossil Fuel eco campaign

The Woolmark Company in September launched a powerful global marketing campaign highlighting to consumers that synthetic fibres are made from oil, whereas wool is 100% natural, renewable and biodegradable. The campaign urged consumers to consider the fibre composition of a clothing product – and choose wool – when they are thinking of making a purchase. The global campaign, which included an impactful video and imagery (see image opposite), had an amazing reception with strong and positive results.

Aussie wool campaign

The Woolmark Company in August launched a six-week campaign reminding Aussies that the world's best Merino wool is produced in Australia – and urged them to support their wool industry and shop for Australian wool products. The campaign instilled a strong sense of pride amongst Australians living in both regional and metropolitan areas, and highlighted Australian wool as one of our cleanest and greenest exports.

Major online retail partnerships

With more and more apparel purchases being made online, The Woolmark Company collaborates with the world's leading online retail platforms. Recent online retail partnerships during the northern hemisphere autumn/winter highlighted the season's best wool apparel and built demand for the fibre on platforms including, amongst many others:

- China's most influential business-to-consumer e-commerce platform TMALL; in a broader campaign including Farfetch, Lane Crawford and Net-a-Porter
- Japan's largest ecommerce platform, Rakuten Fashion
- Europe's largest online fashion retailer, Zalando
- American online luxury shopping destination, Saks Fifth Avenue; and lifestyle brand and retailer founded by American actress Gwyneth Paltrow, Goop.

International Woolmark Prize

The winners of this year's International Woolmark Prize were announced in May at a special Parisian event at which the world's best emerging design talents showcased their Merino wool collections.

This illustrious fashion award and talent development program generates long-term demand for Australian Merino wool by building and strengthening the reputation of the fibre as the ultimate ingredient of sustainable luxury fashion.

Knitted suit with BOSS

The next stage in the evolution of the suit arrived in shops across the world this year courtesy of The Woolmark Company and German clothing brand BOSS. The fully knitted, Merino wool-blend suit is a pivotal moment in the history of suit construction and is the first of its kind for BOSS.

Sportscraft

Australian lifestyle brand Sportscraft partnered with The Woolmark Company to create and launch a 53-piece collection of Australian Merino wool garments that champion the eco-credentials of the fibre. The autumn/winter campaign highlighted the natural beauty of Australian Merino wool and the woolgrowers who produce this 100% natural fibre.

Formula E motorsports with Nissan

To showcase Merino wool as a sustainable and high-performance fibre, The Woolmark Company teamed up with Nissan to create wool-rich apparel for its Formula E racing team. The initiative aims to build demand for Merino wool in motorsports and other performance activities, as well as with sports fans across the world.

Sease and high-performance Merino

Premium Italian performance wear brand Sease teamed up with The Woolmark Company to transform traditional formal fabrics into an elegant 19-piece urban and skiing collection. The collection was launched in October at an event in Milan attended by 200 press, influencers and VIP clients.

Woolmark Performance Challenge

Now in its sixth year, the Woolmark Performance Challenge continues to excel as a competition for tertiary students from across the world to develop innovative new product applications for Merino wool within the sports and performance market. The winners of the 2022 competition, which was run in partnership with French outdoor and sporting goods company Salomon, were announced in November.

AWI invests in projects to demonstrate Australian wool's strong eco-credentials on-farm as well as up the supply chain.

Market Analytics

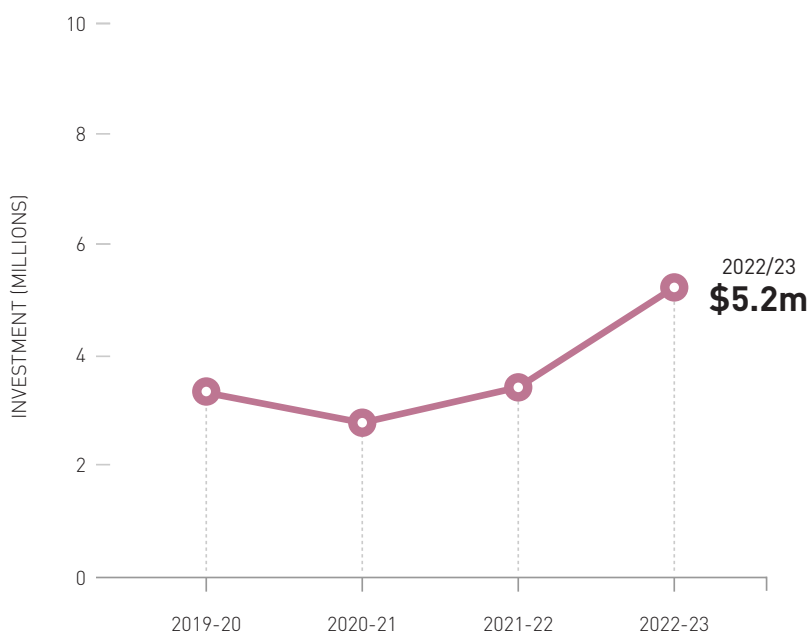
Meetings held with 30 supply chain partners over 3 emerging markets.

Two extension events have been completed on farm-scale biodiversity assessment tools at the National Carbon Farming Conference and the Expo in Albury.

AWI continues to actively participate in the EU PEF process.

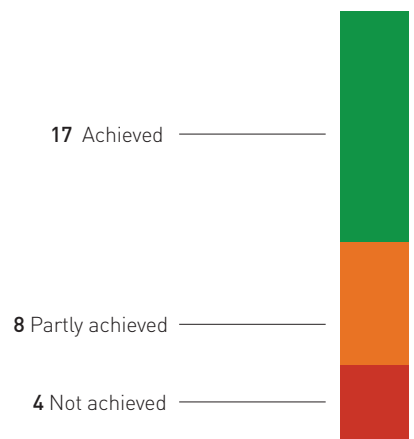
Portfolio objective: To provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties; to communicate wool's benefits, facilitate provenance and supply chain transparency.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

29 TARGETS



See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

Future-proofing Australian wool

AWI is helping to reduce the risk of Australian wool relying on a limited number of processing and manufacturing markets, by helping to open up new and expanding destinations for Australian wool. In the past year, AWI has worked extensively in Bangladesh, Cambodia, Vietnam and the more established market of India. Other countries that AWI is investigating to take advantage of the trend towards nearshoring include Portugal (for Europe) and Mexico and Peru (for North America).

One industry eSpeci now a reality

AWI and AWEX have worked together to incorporate AWEX's WoolClip into Woolmark Source, making WoolClip the single electronic specification for the Australian wool industry. By integrating AWEX's WoolClip with Woolmark Source, woolgrowers can now fill-out their speci on WoolClip and will have the option of their data flowing through to their Woolmark Source account. This represents the start of the wool data journey and opens up numerous opportunities to showcase Australian wool-growing to a global audience.

Market intelligence

During the year, AWI's **Weekly Price Reports** were provided during sale weeks. Distribution is via email, SMS and on the Wool.com website. The reports include weekly EMI and WMI price movements, currency movements, the number of bales offered and sold, as well as weekly commentary from AWI on the markets. Three **Australian Wool Production Forecasting Committee reports** were released – in September 2022, December 2022 and April 2023. AWI and MLA's joint **Sheep Producer Intentions Survey** of producers were conducted in October 2022, February 2023 and May 2023. Four editions of a quarterly **Wool Market Report for Woolmark licensees** were issued to help them navigate trends in the supply chain.



The 'why' and 'how' of building on-farm natural capital

AWI joined the **Farming for the Future** program which aims to provide interested woolgrowers with the evidence and business case (the 'why') to simultaneously improve their natural capital (such as soil, water and vegetation) and also meet market requirements. The program has recently issued case studies of woolgrowers that are managing investment in their property's natural capital in a way that maximises both business prosperity and environmental returns including biodiversity. AWI has also joined the **Carbon Storage Partnership**, which is an MLA-led, multi-party initiative that is developing profitable and sustainable pathways (the 'how') to a carbon-neutral Australian livestock sector. Sequestering carbon into the farm and increasing biodiversity both have the potential to generate new income streams. The intent is to reduce the risk for interested woolgrowers by identifying the most effective interventions that have been shown to work in their regional environment.

Study proves wool's greater comfort in stop-go sports

A new AWI-funded study provides the scientific proof to sports brands and consumers that 100% natural wool fabrics perform better than other natural and synthetic fabrics in the resting phases of 'stop-go' sports such as cycling, hiking and rock-climbing. Each sport involves multiple activity and rest phases; wool has been shown to significantly reduce the after-chill commonly experienced by athletes during the resting phases. The study provides the evidence that backs up anecdotal claims from outdoor sportspeople, that only wool base-layers are comfortable at all stages of their sport including before, during and after exercise, compared to base-layers made from other fibres.

Cognitive performance research

A new AWI-funded study run by the University of Adelaide has shown that people wearing wool perform better during cognitively stressful tasks than those wearing synthetics. This could have benefits for many activities and jobs that involve performing mentally difficult tasks under stressful situations. For those in more high-pressure occupations such as the health, defence and space industries, just a modest improvement in cognitive performance can mean the difference between life and death. AWI is communicating these benefits to the textile supply chain and consumers to help build demand for Australian wool.



Corporate Services

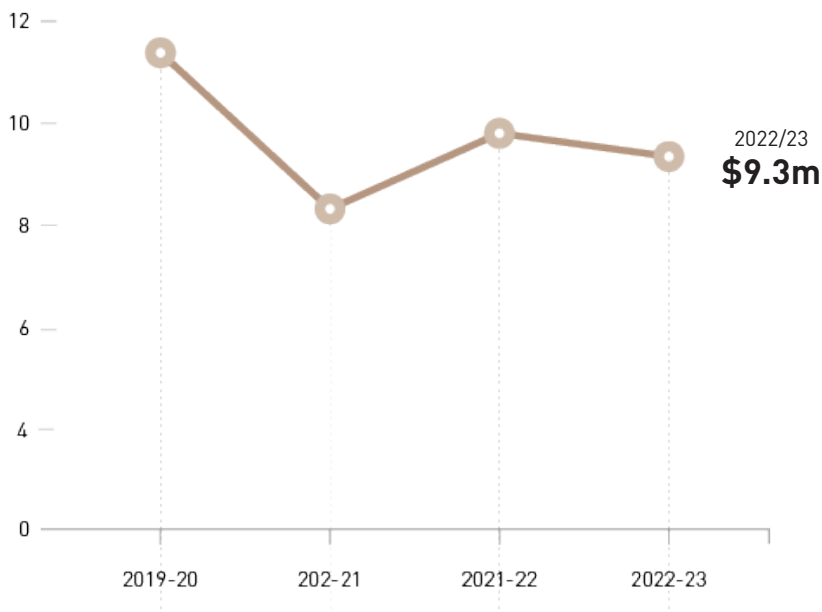
Impact assessment conducted for Cabaia, Cubus, International Woolmark Prize and LTEM.

A new compliance training module for Respect@ Work was rolled out to all Australia based employees with a completion rate of 91.46%.

All international statutory reporting completed and submitted on time.

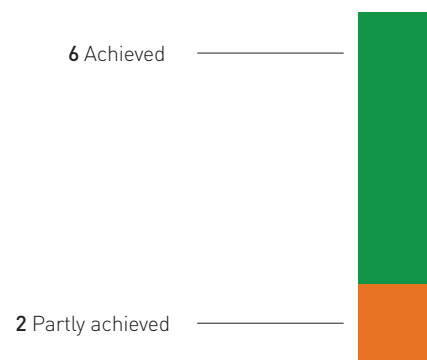
Portfolio objective: To provide key expertise, compliance, governance, support, and value to the global business in the areas of financial management, legal, measurement, evaluation, people & culture, and company secretarial

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

8 TARGETS



See Appendix C for complete list of performance against Annual Plan targets.

Portfolio highlights of 2022/23

Evaluations

The 2019/22 Strategic Plan was evaluated by independent consultants and the primary measure of AWI's performance was the benefit cost ratio [BCR] on levy payer contributions. For the three-year period it is estimated AWI achieved an overall BCR on projects undertaken of 2.8 for every dollar spent. The M&E unit internally conducted evaluations on four different projects across a broad range of AWI strategies using methodologies best suited to the activities.

Learning and development

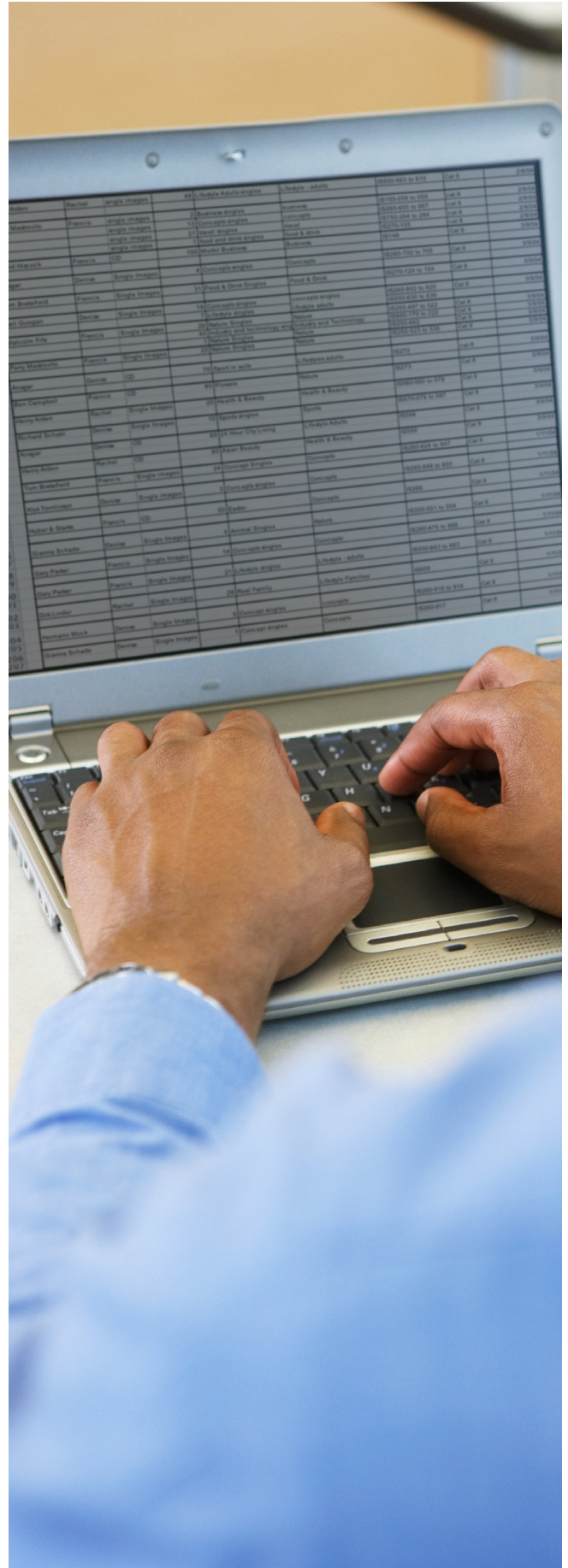
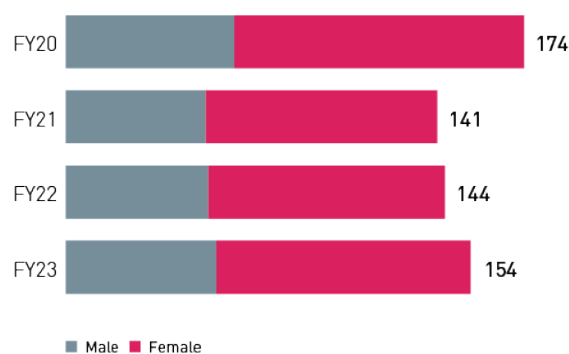
On average 97% of AWI global employees have completed annual compliance courses during the year.

- WHS, Anti-bullying and Harassment, Discrimination & grievance procedures
- Modern Slavery Policy/training
- Code of Conduct and Business Ethics policy
- Respect@Work

Administrative efficiency initiatives 2023/24

Program achievement reports have been moved to a digital platform and risk management has been automated, to streamline reporting requirements. We have further enhanced the project management tools so that information captured in the project proposal is transferred in the completion report. DocuSign has been introduced in the organisation to further enhance the approval controls and filing processes. It also reduces paper waste, it removes the requirement to print, sign and scan the documents before sending. DocuSign has most stringent global security certifications and offers enterprise-grade security and compliance controls to protect information, documents, and data.

AWI global employees



AWI board of directors

at 30 June 2023

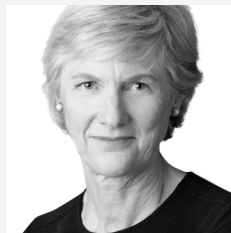


Mr Jock Laurie – AWI Chairman

Mr Laurie was first elected to the Board in November 2015, and re-elected in 2021. He was elected as Chairman of the Board in July 2021.

Responsibilities:

- Audit & Risk Committee member.
- Marketing & Product Innovation Committee member.
- People & Culture Committee member.
- Research & Development Committee member.



Dr Michelle Humphries

Dr Humphries BVSc MAICD was elected to the AWI Board in November 2019.

Responsibilities:

- Chair, Research & Development Committee.



Ms Georgia Hack

Ms Hack was elected to the Board in November 2021.

Responsibilities:

- Chair, Marketing & Product Innovation Committee.
- People & Culture Committee member.

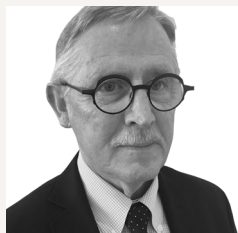


Mr Don Macdonald

Mr Macdonald was elected to the Board in November 2017, and re-elected as a director in 2021.

Responsibilities:

- Research & Development Committee member.



Mr Noel Henderson

Mr Henderson was elected to the AWI Board in November 2019.

Responsibilities:

- Audit & Risk Committee member.

For all Board of Directors biographies, see www.wool.com/about-awi/who-we-are/governance/board-of-directors/



Mr David Webster

Mr Webster was first elected to the Board in November 2008, and most recently re-elected in 2019.

Responsibilities:

- Chair, Audit & Risk Committee.
- Marketing & Product Innovation Committee member.
- Research & Development Committee member.



Mr James Morgan

Mr Morgan was elected to the Board in November 2013, and most recently re-elected in 2017.

Responsibilities:

- Chair, People & Culture Committee.
- Research & Development Committee member.

Committees of the AWI board

The Board has four standing committees that monitor and guide specific activities. These committees assist the Board to effectively implement, monitor and enforce appropriate corporate governance throughout the Company.

Audit & Risk Committee

Chaired by David Webster

This committee provides guidance and recommendations to the Board and the CEO to assist in fulfilling their responsibilities relating to risk, accounting, reporting and compliance practices of the Company.

Marketing & Product Innovation Committee

Chaired by Georgia Hack

The committee plays an important role in providing advice and oversight of AWI's extensive Marketing activities. This also includes oversight of the Product Innovation, Education & Extension portfolio to develop strategies to enlist greater engagement and collaboration with marketing of Australian wool.

People & Culture Committee

Chaired by James Morgan

This committee provides guidance and recommendations to the Board and the CEO in matters pertaining to recruitment and retention of employees and policies governing remuneration for current and potential employees.

Research & Development Committee

Chaired by Michelle Humphries

This Committee was established to provide guidance and recommendations to the Board and CEO regarding the scientific and research policies of the Company and on the conduct of programs relating to activities undertaken by the Company that utilise science or impact animal welfare activities.

Company Secretary

The Company Secretary is Ms L Meadley (BA (Hons), Grad Dip Law, Grad Dip Legal Practice (College of Law, Sydney), Grad Cert TM Law & Practice). Ms Meadley was appointed as Company Secretary and General Counsel in 2022. Ms Meadley is a commercial lawyer with more than 15 years' international experience working in top tier firms and in-house both in Australia and overseas.

Corporate governance statement 2023

Governance principles

The main provisions governing the activities of AWI are:

- legislation applicable to AWI including the *Wool Services Privatisation Act*;
- other legislation applicable to both companies and not-for-profit entities;
- the Statutory Funding Agreement with the Commonwealth whereby AWI receives certain funding as the designated research body for the wool industry; and its Constitution.

The Board is committed to governance systems that enhance performance and ensure AWI operates legally and responsibly on all matters and maintains the highest ethical standards.

AWI's governance framework meets the best practice guidelines in the ASX Corporate Governance Principles and Recommendations (Principles and Recommendations) in implementing a corporate governance framework. While AWI is not a listed company, it uses these Principles and Recommendations as guidance in its governance practices to the extent that they are reasonably applicable to AWI's circumstances as a not-for-profit entity with charitable objects to act in the best interests of Australian woolgrowers.

Board functions and responsibilities

Key functions and responsibilities for the Board are set out in the Board Charter. The Board Charter specifies Board responsibilities including general oversight of AWI; governance; risk management; people and remuneration; chairperson responsibilities and communication with shareholders. Operational matters delegated to the CEO are delineated.

There are four standing sub-committees being:

- Audit and Risk Committee;
- Research and Development Committee;
- People and Culture Committee; and
- Marketing and Product Innovation Extension Committee.

There is also a Board Nomination Committee which is convened in director election years.

Board Nomination Committee

The Board Nomination Committee has three external members who are specifically described in the updated Charter for this Committee and two incumbent Board directors. The composition of the committee is as follows:

- A Chair independent of the wool industry and independent from AWI. The Chair is sourced after an executive search and selected by the Board Nomination Committee itself.
- Two independent non-executive Directors of the Company (other than the Chair of the Company).
- One representative of the wool industry independent from the Company, nominated by the Wool Industry Consultation Panel.
- One representative from an international executive search firm, appointed by the incoming members of the Board Nomination Committee.

Corporate governance documents

AWI's corporate governance documentation is available on the AWI website at www.wool.com/governance and includes:

- AWI Constitution
- Board and Company Diversity Policy
- Board Charter
- Board Nomination Committee Charter
- Charter of the Committees of the Board
- Code of Conduct and Business Ethics
- Communications Strategy
- Corporate Governance Policy
- Risk Management
- Rules and Procedures Governing the Election of Directors
- Statutory Funding Agreement
- Whistleblower Policy.

AWI continues to review and develop these documents on a regular basis to ensure they remain relevant to the Company and encapsulate the high standards the Board and management are committed to achieving.

AWI Board skills matrix

With the assistance of an external governance adviser, core skill areas are reviewed by the Board annually as a part of the process for evaluating the performance of the Board, its committees and directors. The 2023 review included a self-assessment and external review of the currency of skills and experience for each director.

AWI Board Skills Matrix 2023

The wool industry	4.71
Leadership & culture	4.57
Corporate governance	4.43
Finance & risk	4.29
Stakeholder management	4.29
Evaluation of & investment in R&D	3.86
Marketing & product promotion	3.86
Public policy and administration	3.86
International trade & market development	3.71
Technology transfer & commercialisation	3.71

The above skills matrix shows the extent to which directors collectively possess the desired skills and experience. The results demonstrate that the Board collectively has a good level of knowledge and skill to carry out its responsibilities effectively. Directors may access further expertise in the core skill areas, and in other areas not shown in the matrix, from within AWI and externally as appropriate.

Review of independence of directors

The Board maintains a Directors Disclosure of Interests Register which is reviewed as a standing agenda item at all Board meetings. The materiality of disclosures is assessed by the Board to determine whether they may interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on matters before the Board.

In addition, directors who have served in that position for more than 10 years are assessed by the Board annually thereafter, as to whether they have become too close to management to be considered independent.

All directors meet all of the criteria for independence in accordance with the ASX Corporate Governance Principles and Recommendations.

Board effectiveness

The evidence from the 2023 Board review demonstrates that the Board is effective.

- The Board of AWI is operating effectively and efficiently and is maintaining a strong focus on its purpose and on the industry it serves.
- It has the collective skills required to enable it to undertake its role. With competent leadership, it is providing a clarity of direction, sound governance and organisational oversight.

- Control systems are in place and working to protect the organisation against fraud and reputation risk and there is evidence that the legal obligations under which the organisation operates are being met.
- AWI has a competent Board which is well regarded by internal and external stakeholder groups and there is evidence of the Board's intent to continuously improve its performance and that of the organisation it leads.

Code of Conduct and Business Ethics

AWI endeavours to be recognised as an organisation committed to high ethical standards in business.

Transactions connected, directly or indirectly, to directors and officers may occur in the ordinary course of AWI's business since the Board includes members actively involved in the wool industry.

AWI has a Code of Conduct and Business Ethics to ensure decisions are made in an ethical and responsible way without being influenced by improper considerations, and to ensure that AWI's contracts are at arm's length commercial terms and consistent with AWI's legal obligations.

The Code is available on AWI's website at www.wool.com/governance.

Balanced portfolio and priority alignments

Balanced portfolio

AWI continually reviews the company’s risk appetite which can be influenced by several factors, such as the levy rate reduction, impacts of COVID-19, prices and workforce.

AWI seeks to balance the risk position between investing in higher risk activities that may drive substantial growth in the demand for wool. AWI also organises the programs into a component mix that, when implemented, is best aligned with, and best supports the organisation’s strategic plan. The table below shows the risk and return of projects by value in each of the quadrants.

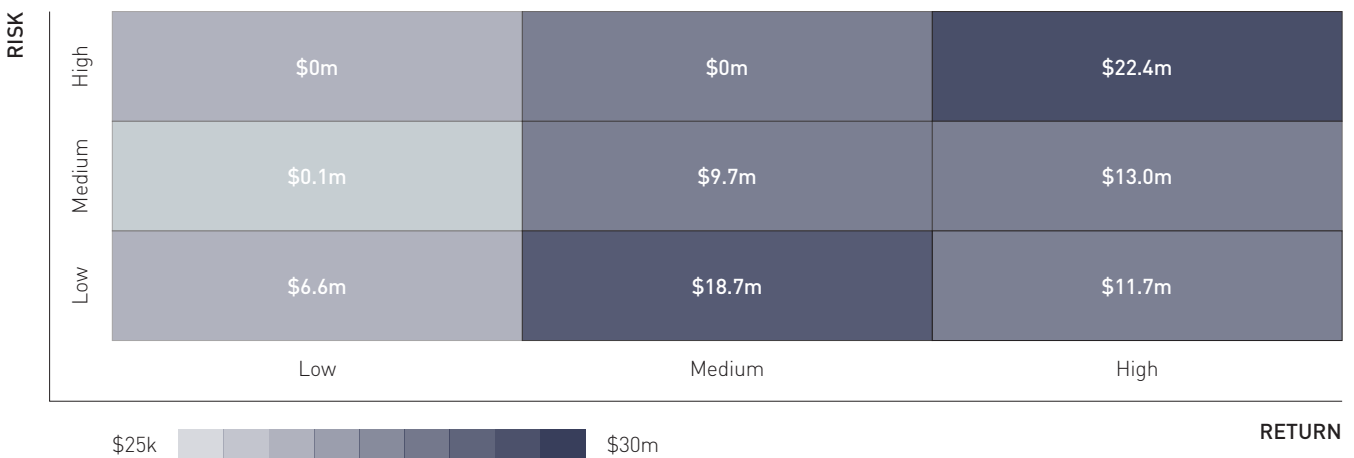


Figure1: 2022/23 Balanced Portfolio (Financials)

AWI Strategic Plan 2022-25

Since 1 July 2022, the company has been operating under a new three-year Strategic Plan for the 2022/23 to 2024/25 financial years. The key priorities for this period are:

1. Growing the value and international demand for wool
2. Wool harvesting
3. Collaboration, consultation and engagement
4. Sustainability
5. Strengthening the supply chain.

Access the Strategic Plan at www.wool.com/consultation

See page 9 for AWI’s 2022/23 expenditure for each of the five priorities outlined in the AWI Strategic Plan.

When developing its three-year Strategic Plan, while AWI’s R&D and marketing priorities are determined by woolgrowers through AWI’s planning and consultation cycle, the company also considers the:

- Australian Government’s R&D priorities
- Strategic plans of the broader Australian wool and agricultural industries.

This strategic alignment ensures that AWI’s investments recognise and support the priorities of the Australian Government and industry where appropriate.

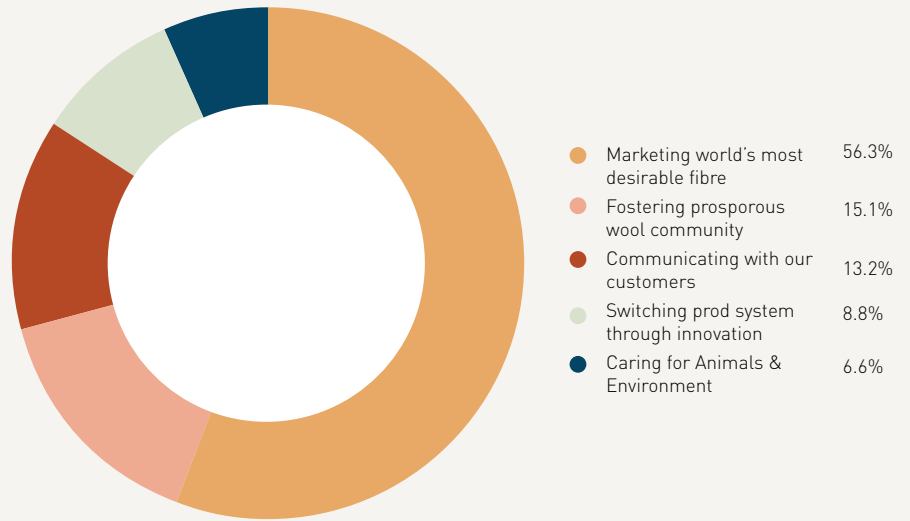
Strategic priorities



Wool 2030

This plan has been designed as a high-level, aspirational statement of intent and strategy for Australian woolgrowers. Oversight of the plan is provided by a Wool 2030 Steering Group comprising an independent chair and industry representatives. To access the strategy, visit www.wool.com/2030

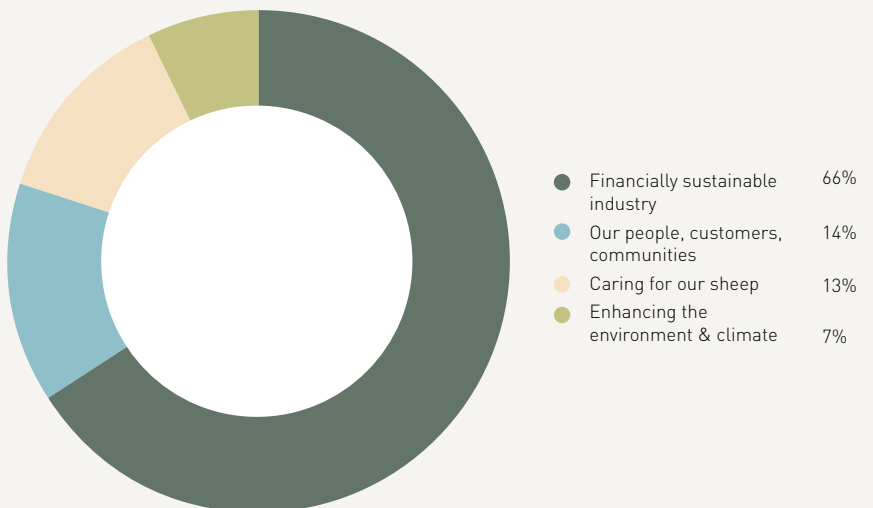
AWI aligned its projects to the pillars set out in the plan and the chart to the right shows the total expenditure (\$82m) against the five Wool2030 pillars.



Sheep Sustainability Framework

Launched in April 2021, the function of the Sheep Sustainability Framework (SSF) is to monitor, measure, and report industry performance against sustainability priorities. Data and trends gathered through the SSF will identify opportunities on-farm, in transport, processing, and at the customer interface where practices can be improved by both the industry and individuals. The chart to the right shows the total expenditure (\$82m) against the four pillars.

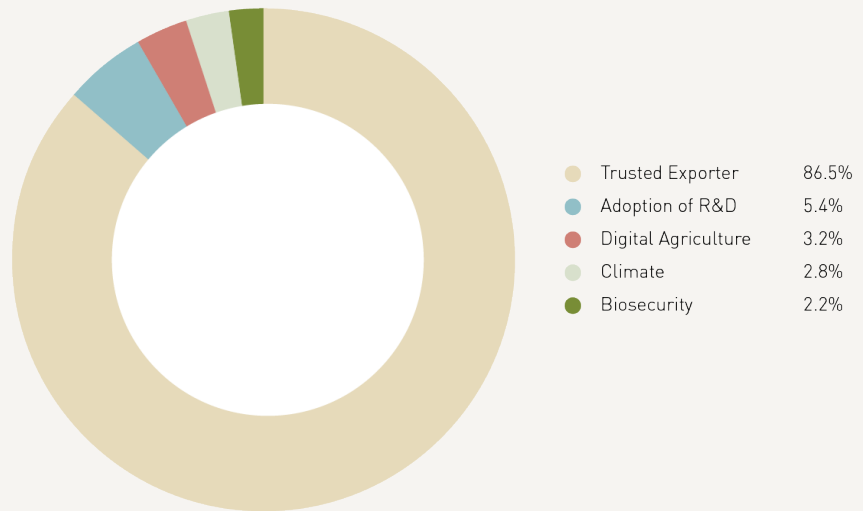
To access the Framework, visit www.sheepsustainabilityframework.com.au



Australian Government's R&D priorities

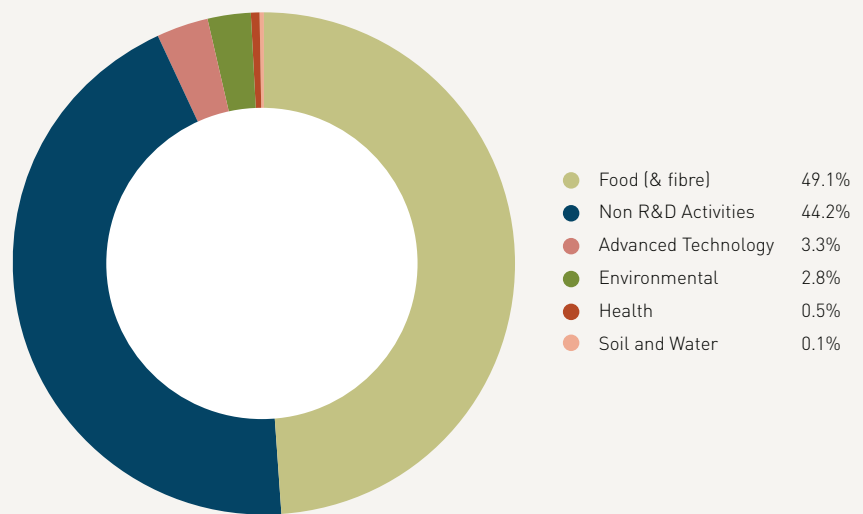
National Agriculture Innovation Priorities

The National Agricultural Innovation Priorities were announced by the Australian Government in October 2021 as part of the National Agricultural Innovation Policy Statement. They replace the Australian Government's Rural Research, Development and Extension (RD&E) Priorities. See www.agriculture.gov.au for more information. The chart to the right shows the total expenditure (\$82m) against the priorities based on the key challenges that the Government says Australia's agricultural innovation system needs to address by 2030.



Science and Research Priorities

The Government has established a set of Science and Research Priorities, and corresponding Practical Research Challenges, designed to increase investment in areas of immediate and critical importance to Australia. The chart to the right shows the total expenditure (\$82m) against the priorities.



Science and Research Priorities by Government Funding Source

PRIORITIES	EXPENDITURE (\$M)			
	R&D	Marketing	Other	Total
Advanced Technology	1,600	28	1,109	2,737
Environmental	2,214	-	-	2,214
Food (& Fibre)	27,796	11,845	24	39,665
Health	402	-	-	402
Soil and Water	62	-	-	62
Non R&D Activities	-	36,754	-	36,754
TOTAL	32,074	48,627	1,133	81,834

Financial Report

2022-2023

36	Directors' report
39	Auditor's independence declaration
41	Consolidated statement of comprehensive income
42	Consolidated statement of financial position
43	Consolidated statement of changes in equity
44	Consolidated statement of cash flows
45	Notes to the financial statements
69	Directors' declaration
70	Independent auditor's report

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Wool Innovation Limited (referred to hereafter as the 'company' or 'parent entity' or 'AWI') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of Australian Wool Innovation Limited during the financial year and up to the date of this report:

Mr J Laurie (Chairman)
Ms G Hack
Mr N Henderson
Dr M Humphries
Mr D Macdonald
Mr J Morgan
Mr D A A Webster

Review of operations and results

	2023 \$'000	2022 \$'000
Revenue	65,210	65,273
Loss from continuing operations	(16,988)	(10,961)

Significant changes in the state of affairs

The company's drawdown on the company's reserves continued this year by a higher than forecast \$17 million, as the company took the opportunity to market wool's sustainable and natural qualities in global campaigns as China reopened plus defending the eco-credentials against fast fashion alternatives. The reserves are now at the lowest level for about a decade, having fallen by about a third since the wool levy (which AWI largely depends on for its revenue) was reduced to 1.5% four years ago. Company revenue has also continued to be negatively affected by the challenging global economic conditions exemplified by the rising interest rates and inflation in key markets during 2022/23, and made worse by the conflict in Ukraine and rising energy costs.

There were no other significant changes in the state of affairs of the Group during the year.

Principal activities

Australian Wool Innovation Limited is a Not-for-profit, registered charitable company. Its principal activity as recorded in its adopted strategic plan is to increase the profitability and support the sustainability of the Australian wool industry through strategically targeted investments in research, development and marketing designed to optimise return on investment. To achieve this mission, the Group receives funding from the Commonwealth Government of Australia by way of a statutory wool levy imposed upon Australian woolgrowers and a capped research and development matching fund contribution. Funding is also generated from revenue in respect of the Woolmark certification and ordinary trademark annual licence fees.

Matters subsequent to the end of the financial year

Overall, it is not practicable to estimate the future potential impact of the unsettled global economic environment and ongoing conflict in Ukraine, however it currently seems likely that the economies of most of our main retail markets will remain relatively stagnant during 2023/24. The Australian Government's proposed phase out of live exports from Australia is increasingly causing concern to sheep and wool producers in Western Australia with a sizable number of them potentially moving their businesses out of the industry. The La Niña weather pattern which has brought good rainfall to Australia in the past few years has also recently waned with the likelihood of an El Niño weather pattern (low rainfall) taking hold which would be challenging for woolgrowers. All these issues could potentially negatively affect the company's revenue in 2023/24.

There has been no other matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Despite the gloomy global economic situation, AWI's Strategic Plan remains very relevant and robust. It seeks to address key industry issues and exploit opportunities across the global supply chain for Australian wool, from woolgrowers through to consumers. The key priorities in the Strategic Plan are:

1. Growing the value and international demand for wool - AWI will continue to advocate effectively at the international level to ensure robust demand for Australian wool in key markets.
2. Wool harvesting - Improving wool harvesting is the number one issue for many woolgrowers and AWI has a multipronged plan to tackle the issue head on and make a difference.
3. Collaboration, consultation and engagement - AWI will do more listening, more collaborating and more sharing of information, for the benefit of woolgrowers.

4. Sustainability - AWI will work with all stages of the wool supply chain to achieve sustainability goals and deliver positive outcomes for people, planet and prosperity.
5. Strengthening the supply chain - AWI will continue to support supply chain partners in process and product developments and will continue to build awareness and educate future generations about wool.

AWI programs are supported by the support and administration function enabling AWI to operate cost effectively through the efficient provision of a range of cross-company support services.

Company secretary

The Company Secretary is Ms Lucy Meadley BA (Hons), Dip Law, Grad Dip Legal Prac (College of Law, Sydney), Grad Cert TM Law & Prac. Ms Meadley was appointed to the position of company secretary on 7th October 2022. Ms Meadley shared the role with Mr Jim Story until Mr Story resigned on 15th December 2022.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

Director	Full meetings of directors		Meetings of Committees							
	A	B	Audit & Risk		Marketing & Product Innovation		People & Culture		Research Development Education & Extension	
	A	B	A	B	A	B	A	B	A	B
Mr J Laurie	9	9*	8	8	6	6	6	6	8	8
Ms G Hack	9	9	2	2	6	6*	6	6	-	-
Mr N Henderson	9	9	8	8	-	-	-	-	-	-
Dr M Humphries	9	9	-	-	-	-	-	-	8	8*
Mr D Macdonald	9	9	-	-	-	-	-	-	8	8
Mr J Morgan	9	9	-	-	-	-	6	6*	8	8
Mr D A A Webster	9	9	8	8*	6	6	-	-	8	8

A = number of meetings held during the time the director held office or was a member of the committee during the year.

B = number of meetings attended.

* = denotes Chair as at 30 June 2023.

Chairmanship

Mr J Laurie was the Chairman of the Board throughout the year.

Insurance of officers

During the financial year, Australian Wool Innovation Limited paid a premium to insure directors and officers of the Group. The insurance policy specifically prohibits disclosure of the nature and liability covered and the amount of the premium paid.

Indemnity and insurance of auditors

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor/s for audit and non-audit services provided during the year are set out in note 23.

Dividends paid

AWI's Constitution does not allow the company to pay any dividends.

Environmental regulation

The Group's operations are not subject to any particular or significant environmental regulations under either Commonwealth or State legislation.

Statutory funding agreement obligations

In addition to annual reporting requirements, there are further reporting requirements imposed upon the parent company under the Statutory Funding Agreement between Australian Wool Innovation Limited and The Commonwealth of Australia.

A number of the matters identified in this report contain commercial in confidence information and the company has elected to exercise its prerogative to provide that report separately to the Commonwealth on an 'in confidence' basis.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Mr J Laurie (Chairman)
Director

Sydney
24 August 2023

Auditor's Independence Declaration



Auditor's Independence Declaration

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Australian Wool Innovation Limited for the year ended 30 June 2023.

This declaration is in relation to Australian Wool Innovation Limited and the entities it controlled during the year.

A handwritten signature in blue ink that reads 'HLB Mann Judd' with a horizontal line underneath.

A handwritten signature in blue ink that reads 'S P James'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

S P James Director
HLB Mann Judd

Sydney
24 August 2023

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 E: mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Financial Report – 30 June 2023

Contents

	Page	
Financial statements		This financial report covers Australian Wool Innovation Limited as a consolidated entity consisting of Australian Wool Innovation Limited and its controlled entities as listed in note 26 to the financial report. The financial report is presented in Australian dollars.
Consolidated statement of comprehensive income	41	
Consolidated statement of financial position	42	
Consolidated statement of changes in equity	43	Australian Wool Innovation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Consolidated statement of cash flows	44	
Notes to the financial statements	45	Level 3, 24 York Street Sydney NSW 2000
Directors' declaration	69	
Independent auditor's report to the members	70	A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 36, which is not part of this financial report.

The financial statements were authorised for issue by the directors on 24th August 2023. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.wool.com

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Notes	Consolidated	
		2023 \$'000	2022 \$'000
Revenue from continuing operations			
Operating revenue	3	62,582	64,641
Other revenue	3	2,628	632
		65,210	65,273
Other gain	4	63	13
Expenses			
Marketing		(41,850)	(38,502)
Sheep production		(14,005)	(13,948)
Industry development		(7,690)	(6,192)
Market analytics		(5,220)	(3,407)
Consultation		(4,067)	(4,377)
Support & administration		(9,378)	(9,756)
Loss before income tax		(16,937)	(10,896)
Income tax expense	7	(51)	(65)
Loss from continuing operations		(16,988)	(10,961)
Loss for the year		(16,988)	(10,961)
Other comprehensive income			
Exchange differences on translation of foreign operations		96	27
Total comprehensive loss for the year		(16,892)	(10,934)
Total comprehensive loss for the year is attributable to:			
Owners of Australian Wool Innovation Limited		(16,892)	(10,934)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2023

	Notes	Consolidated	
		2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	16,497	8,013
Other financial assets	9	62,259	86,633
Trade and other receivables	10	8,741	8,618
Other current assets	11	1,125	1,076
Total current assets		88,622	104,340
Non-current assets			
Property, plant and equipment	12	973	680
Right-of-use assets	12	5,081	6,365
Intangible assets	13	10,000	10,563
Other non-current assets	14	358	921
Total non-current assets		16,412	18,529
Total assets		105,034	122,869
LIABILITIES			
Current liabilities			
Trade and other payables	15	9,431	8,406
Provisions	17	-	435
Lease liabilities	19	1,274	1,637
Deferred income	16	5,763	5,727
Total current liabilities		16,468	16,205
Non-current liabilities			
Lease liabilities	19	4,121	5,239
Provisions	18	640	728
Total non-current liabilities		4,761	5,967
Total liabilities		21,229	22,172
Net assets		83,805	100,697
EQUITY			
Contributed equity*	20	-	-
Reserves	21	1,234	1,138
Retained surplus	21	82,571	99,559
<i>Capital and reserves attributable to owners of Australian Wool Innovation Limited</i>		83,805	100,697
Total equity		83,805	100,697

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

*As at 30 June 2022 and 2023 contributed equity in the consolidated entity was \$100.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Notes	Attributable to owners of Australian Wool Innovation Limited			Total equity \$'000
		Contributed Equity* \$'000	Reserves \$'000	Retained surplus \$'000	
Balance at 1 July 2021		-	1,111	110,520	111,631
Loss for the year	21	-	-	(10,961)	(10,961)
Other comprehensive income	21	-	27	-	27
Total comprehensive loss for the year		-	27	(10,961)	(10,934)
Balance at 30 June 2022		-	1,138	99,559	100,697
Balance at 1 July 2022		-	1,138	99,559	100,697
Loss for the year	21	-	-	(16,988)	(16,988)
Other comprehensive income	21	-	96	-	96
Total comprehensive loss for the year		-	96	(16,988)	(16,892)
Balance at 30 June 2023		-	1,234	82,571	83,805

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

*As at 30 June 2022 and 2023 contributed equity in the consolidated entity was \$100.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Notes	Consolidated	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Levy, license, government grant and other receipts (inclusive of GST)		68,481	74,053
Payments to suppliers and employees (inclusive of GST)		(84,012)	(79,373)
		(15,531)	(5,320)
Interest received		2,115	368
Income taxes paid	7	(51)	(65)
Lease interest paid		(294)	(200)
Net cash outflow from operating activities		(13,761)	(5,217)
Cash flows from investing activities			
Payments for property, plant and equipment		(633)	(261)
Payments for held-to-maturity investments		-	(4,637)
Redemption of held-to-maturity investments		24,373	-
Net cash inflow (outflow) from investing activities		23,740	(4,898)
Cash flows from financing activities			
Lease payments		(1,459)	(1,887)
Net cash outflow from financing activities		(1,459)	(1,887)
Net increase (decrease) in cash and cash equivalents		8,520	(12,002)
Cash and cash equivalents at the beginning of the financial year		8,013	20,141
Effects of exchange rate changes on cash and cash equivalents		(36)	(126)
Cash and cash equivalents at end of year	8	16,497	8,013

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

30 June 2023

1: Summary of significant accounting policies

Australian Wool Innovation Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia and is a Not-for-profit, registered charitable company.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Australian Wool Innovation Limited and its subsidiaries (the "Group").

The nature of the Group's operations and principal activities are described in the Directors' Report.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board. Australian Wool Innovation Limited is a Not-for-profit, charitable entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Simplified Disclosures

The consolidated financial statements of the Group comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention and comparative information

This financial report has been prepared under the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(iii) Going concern

The financial report has been prepared on a going concern basis. No material uncertainty exists in its ability to continue as a going concern.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Estimated impairment of the Woolmark certification trademarks

The Group tests annually whether the value of \$10,000,000 allocated to the Woolmark certification trademarks has suffered any impairment, in accordance with the accounting policy stated in note 1(g). These calculations require the use of assumptions regarding the separately identifiable future cash inflows relating to the brand, estimates of future costs required to support the brand and discount rates. Management determined budgeted cash flows based on license fees billed for the coming year and budgeted costs based on past performance and expectations for the future.

Notes to the financial statements (continued)

30 June 2023

1: Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(2) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(3) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(4) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(v) New and amended standards adopted by the group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Wool Innovation Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income and statement of financial position from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The effects of all transactions between entities in the consolidated entity are eliminated in full.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Australian Wool Innovation Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- the assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date;
- income and expenses of foreign operations are translated into Australian dollars using the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income through foreign currency reserve in equity.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Wool levies and government grants are brought to account when received or receivable from the Federal Government. Reasonable assurance that the Commonwealth Matching Funds grant will be received occurs when the Group complies with all conditions outlined in the Statutory Funding Agreement.

Invoiced licence fees are deferred as a liability on the statement of financial position and brought to account as revenue over the period of the licence.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue for the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services.

Revenue for the disposal of non current assets is recognised when control of the asset has passed to the buyer.

(e) Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Notes to the financial statements (continued)

30 June 2023

1: Summary of significant accounting policies (continued)

(e) Income tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Woolmark Holdings Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Australian Wool Innovation Limited is not a party to the tax consolidated Group as it is exempt from tax.

(f) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease

term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(g) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not for profit organisation, value in use may be assessed on the basis of depreciated replacement costs for a similar asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(h) Impairment of financial assets

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

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at

the original effective interest rate.

The loss allowance is recognised in profit or loss.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, floating rate notes, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(k) Other financial assets

Other financial assets are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, less any allowance for expected credit losses.

Other financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(l) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(m) Property, plant and equipment

All assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Purchases of property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition.

Depreciation is calculated on a straight line basis to write off the net cost amount of each item of property, plant and equipment (excluding land) over its expected useful life to the economic entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. The expected useful lives are as follows:

- Buildings 10 – 20 years
- Plant and equipment 1 – 10 years
- Leasehold improvements over the lease term

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Notes to the financial statements (continued)

30 June 2023

1: Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

- Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Intangible assets

(i) Research and development

Research expenditure is recognised as an expense as incurred.

(ii) Trademarks and licences

This represents the Woolmark certification trademarks acquired by the Group. The Woolmark is well established and is expected to generate cash inflows for the Group for an indefinite period. Therefore the certification trademarks are carried at cost without amortisation, but are tested for impairment in accordance with note 1(g).

(iii) Website development

Costs associated with maintaining software

programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets.

Website development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Website developments that are ready for use are amortised on a straight-line basis over a period of 4 years.

(o) Provisions

Provisions for make good obligations and restructuring are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date plus overseas pension benefits are recognised in other payables and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long-term employee benefit obligations

The liability for long service leave is recognised in provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The provision for employee entitlements includes on costs of superannuation, payroll tax and workers compensation.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Dividends

The Company's Constitution does not allow the company to pay any dividend.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

(t) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

(u) Parent entity financial information

The financial information for the parent entity, Australian Wool Innovation Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries which are recorded at cost in the financial statements of Australian Wool Innovation Limited.

2: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, other price risks and aging analysis for credit risk.

Risk management is carried out by Head Office Finance under policies approved by the board of directors. Group Head Office Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group's foreign exchange management policies include wherever possible creating natural hedges with the collection of licence income in the same currencies as the expenditure being incurred. The Group also purchased foreign exchange contracts during the year to minimise the exposure to fluctuations in the currency markets based on a proportion of budgeted cash flows.

Forward Exchange Contracts (Derivatives) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent adjustment in the fair value of contract is recorded in the income statement with a corresponding impact in the Forward contract asset or liability.

Notes to the financial statements (continued)

30 June 2023

2: Financial risk management (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk and credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Customers risk rating is assessed by the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings and compliance with credit limits by customers is regularly monitored by management.

Australian Wool Innovation Limited's investment policy is conservative and designed to minimise principal, interest rate and currency risk.

Risk of principal amounts invested is minimised by investing the majority of available funds in deposits with Standard & Poor's ratings AAA, AA+, AA, AA-, A+, and A for long term and A-1+ and A-1 for short term. A maximum of 25% of funds can be invested with Standard & Poor's ratings A-, BBB+, BBB and BBB- for long term and A-2, and A-3 for short term.

Risk of loss due to adverse interest rate movements is minimised by investing in term deposits for terms per the AWI investment policy.

Wherever possible funds invested are held in Australian dollars thereby minimising any foreign exchange risk.

The Group has policies in place to ensure that customers have an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and having funding available. Head Office Finance aims at maintaining flexibility in funding by keeping funds on call and term deposits with regular rolling maturity dates. The Group manages liquidity risk by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the cash reserves available borrowing facilities are not required.

(d) Fair value measurement

The net fair value of cash and cash equivalents, other financial assets and financial liabilities approximate their carrying values.

3: Revenue

	Consolidated	
	2023 \$'000	2022 \$'000
From continuing operations		
<i>Operating revenue</i>		
Wool levy	40,412	43,756
Government contribution	14,988	13,931
License fees	5,120	4,829
Royalties	1,630	1,617
Voluntary contributions	275	398
Sale of goods and services	115	93
Other	42	17
	62,582	64,641
<i>Other revenue</i>		
Interest revenue calculated using the effective interest method	2,509	500
Rental and sub-lease rental income	119	132
	2,628	632
	65,210	65,273

4: Other gain

	Consolidated	
	2023 \$'000	2022 \$'000
Net foreign exchange gain	63	13

5: Expenses

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Depreciation and amortisation</i>		
Buildings	3	2
Plant and equipment	240	311
Leasehold improvements	38	21
Right-of-use assets	1,648	1,860
Website development	561	561
Total depreciation and amortisation	2,490	2,755
Superannuation expense	1,651	1,437

Notes to the financial statements (continued)

30 June 2023

6: Research, development and marketing expenditure

	Consolidated	
	2023 \$'000	2022 \$'000
Marketing	41,850	38,502
Sheep production	14,005	13,948
Industry development	7,690	6,192
Market analytics	5,220	3,407
Consultation	4,067	4,377
Support & administration	9,378	9,756
Total RDM expenditure	82,210	76,182

7: Income tax expense

	Consolidated	
	2023 \$'000	2022 \$'000
(a) Income tax expense		
Current tax on profits for the year	51	65
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(16,937)	(10,896)
Tax at the Australian tax rate of 30% (2022 – 30%)	(5,081)	(3,269)
Non-taxable income, tax losses and temporary differences not brought to account	5,148	3,333
Differences in overseas tax rates	(11)	(10)
Adjustments for current tax of prior periods	(5)	11
Income tax expense	51	65

The Group has not recognised deferred tax assets relating to tax losses or temporary differences arising from loss making operations as it is not probable that the benefits will be realised. AWI parent company is exempt from income taxes not indirect taxes.

8: Current assets – Cash and cash equivalents

	Consolidated	
	2023 \$'000	2022 \$'000
Cash at bank and in hand	16,497	8,013

Further details of cash and cash equivalents are set out in note 9.

9: Current assets – Other financial assets

	Consolidated	
	2023 \$'000	2022 \$'000
Term deposits	62,259	86,633
Cash and cash equivalents (note 8) and other financial assets are represented as follows:		
Unrestricted	3,245	25,414
Restricted as security against guarantees issued by the company's bankers (a)	2,586	3,432
Forward contract commitments (b)	21,025	13,700
Operating funds (c)	21,900	22,400
Emergency funds (d)	5,000	5,000
Innovation funds (e)	25,000	24,700
	78,756	94,646

(a) Bank guarantees have been issued to a number of parties in respect of the Company's liabilities. The company has given its primary bankers security over term deposits in respect of those amounts, such deposits attracting commercial interest rates.

(b) A reserve of \$21 million has been created to cover contracted forward commitments.

(c) Operating funds representing nine months of AWI operational costs are set aside to cover an unexpected cessation of levy and government contribution.

(d) The Emergency reserve is set aside to cover any contingent expenditure arising from the wool industry's obligation under the Emergency Animal Disease Response Agreement.

(e) The directors resolved to create a innovation reserve to have funds available to exploit opportunities outside the normal strategic plan.

Notes to the financial statements (continued)

30 June 2023

10: Current assets – Trade and other receivables

	Consolidated	
	2023 \$'000	2022 \$'000
Net trade receivables		
Trade receivables	2,939	2,907
	2,939	2,907
Net other receivables		
Commonwealth matching funds and wool levy accruals	3,383	4,174
Other receivables	2,419	1,537
	5,802	5,711
	8,741	8,618

11: Other current assets

	Consolidated	
	2023 \$'000	2022 \$'000
Insurance prepayments	86	77
Other prepayments	657	778
Sublease	123	221
Lease deposits	259	-
	1,125	1,076

12: Non-current assets – Property, plant and equipment, and right-of-use assets

	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Right-of-use assets \$'000	Total \$'000
At 1 July 2021					
Cost	954	3,690	2,647	6,936	14,227
Accumulated depreciation	(519)	(3,455)	(2,588)	(2,950)	(9,512)
Net book amount	435	235	59	3,986	4,715
Year ended 30 June 2022					
Opening net book amount	435	235	59	3,986	4,715
Exchange differences	–	(3)	5	44	46
Revaluation surplus	–	3	(8)	(68)	(73)
Additions	–	291	–	4,962	5,253
Disposals	–	(3)	–	(699)	(702)
Depreciation charge	(2)	(311)	(21)	(1,860)	(2,194)
Closing net book amount	433	212	35	6,365	7,045
At 30 June 2022					
Cost	954	3,513	2,680	8,269	15,416
Accumulated depreciation	(521)	(3,301)	(2,645)	(1,904)	(8,371)
Net book amount	433	212	35	6,365	7,045
Year ended 30 June 2023					
Opening net book amount	433	212	35	6,365	7,045
Exchange differences	–	(3)	8	68	73
Revaluation surplus	–	–	(3)	(3)	(6)
Additions	122	303	147	908	1,480
Disposals	–	–	–	(609)	(609)
Depreciation charge	(3)	(240)	(38)	(1,648)	(1,929)
Closing net book amount	552	272	149	5,081	6,054
At 30 June 2023					
Cost	1,066	3,386	2,292	7,036	13,780
Accumulated depreciation	(514)	(3,114)	(2,143)	(1,955)	(7,726)
Net book amount	552	272	149	5,081	6,054

Notes to the financial statements (continued)

30 June 2023

13: Non-current assets – Intangible assets

	Certification trademarks \$'000	Website development costs \$'000	Total \$'000
At 1 July 2021			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(1,122)	(1,122)
Net book amount	10,000	1,124	11,124
Year ended 30 June 2022			
Opening net book amount	10,000	1,124	11,124
Amortisation charge	–	(561)	(561)
Closing net book amount	10,000	563	10,563
At 30 June 2022			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(1,683)	(1,683)
Net book amount	10,000	563	10,563
Year ended 30 June 2023			
Opening net book amount	10,000	563	10,563
Amortisation charge	–	(563)	(563)
Closing net book amount	10,000	–	10,000
At 30 June 2023			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(2,246)	(2,246)
Net book amount	10,000	–	10,000

A value of \$10,000,000 is allocated to the Woolmark certification and ordinary trademarks and, based on a review of the current operations to date and intentions for future use, the directors are satisfied that no impairment of the carrying value has arisen since acquisition.

The Woolmark certification and trademarks, with an indefinite expected useful life, are expected to generate cash flows over an indefinite period of time.

The directors are committed to providing market research to support the profile of the certification and the trademarks.

The directors strive to build the reputation of the Woolmark certification and trademarks to consolidate its brand recognition globally.

14: Non-current assets – Other assets

	Consolidated	
	2023 \$'000	2022 \$'000
Lease deposits	358	803
Sublease	-	118
	358	921

15: Current liabilities – Trade and other payables

	Consolidated	
	2023 \$'000	2022 \$'000
Trade payables	2,802	1,885
Other payables	5,066	4,317
Project payables and accruals	1,563	2,204
	9,431	8,406

16: Current liabilities – Deferred income

	Consolidated	
	2023 \$'000	2022 \$'000
Unearned license income	5,632	5,442
Unearned sub-lease income	33	25
Unearned other income	98	260
	5,763	5,727

17: Current liabilities – Provisions

	Consolidated	
	2023 \$'000	2022 \$'000
Lease make good - 68 Harrington St.	-	435

The provision represents the present value of the estimated cost to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Notes to the financial statements (continued)

30 June 2023

18: Non-current liabilities – Provisions

	Consolidated	
	2023 \$'000	2022 \$'000
Long service leave	281	258
Lease make good	359	470
	640	728

19: Leases

	Consolidated	
	2023 \$'000	2022 \$'000
Lease liabilities		
Current	1,274	1,637
Non-current	4,121	5,239
	5,395	6,876
Future lease payments are due as follows:		
Within one year	1,504	1,926
One to five years	3,539	4,045
More than five years	1,123	1,943
	6,166	7,914

Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to lease liabilities:

Interest expense	294	200
Expense relating to short-term leases	102	61
Expense relating to leases of low-value assets that are not shown above as short-term leases	75	72
The total cash outflow for leases in 2023 was \$1,918,164		

20: Contributed equity

(a) Share capital	2023 Shares	2022 Shares	2023 \$	2022 \$
Fully paid	37,462	37,462	100	100

(b) Movements in ordinary share capital

There was no movement in ordinary share capital during the year.

(c) Ordinary shares

A person has a right to one share in the Company if the Board is satisfied that their rolling wool levy or wool tax contribution is \$100 or more during the 3 previous financial years or the person is engaged in a wool producing business, as defined by the Company's constitution. This right does not entitle the shareholder to participate in any profit distributions or in any proceeds on the winding up of the entity. Where a person fails to satisfy these share criteria the share is returned to and held by the Company.

(d) Shareholder statistics	30 June 2023	30 June 2022
<i>Details</i>		
Australian Capital Territory	59	64
New South Wales	6,778	7,363
Northern Territory	3	2
Queensland	424	496
South Australia	3,038	3,305
Tasmania	568	606
Victoria	4,312	4,743
Western Australia	2,944	3,197
	18,126	19,776

21: Other reserves and retained surplus

(a) Other reserves	Consolidated	
	2023 \$'000	2022 \$'000
Foreign currency translation	1,234	1,138
Movements:		
Foreign currency translation		
Balance 1 July	1,138	1,111
Currency translation differences arising during the year	96	27
Balance 30 June	1,234	1,138

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Notes to the financial statements (continued)

30 June 2023

21. Other reserves and retained surplus (continued)

	Consolidated	
	2023 \$'000	2022 \$'000
(b) Retained surplus		
Retained surplus at the beginning of the financial year	99,559	110,520
Net deficit attributable to the owners of Australian Wool Innovation Limited	(16,988)	(10,961)
Retained surplus at the end of the financial year	82,571	99,559

22: Key management personnel disclosures

	Consolidated	
	2023 \$	2022 \$
(a) Key management personnel remuneration		
Non-executive directors		
Short-term employee benefits	662,914	600,309
Post-employment benefits	69,606	60,031
	732,520	660,340
Other key management personnel		
Short-term employee benefits	2,871,481	2,149,610
Post-employment benefits	287,074	214,961
	3,158,555	2,364,571

The key management personnel of Australian Wool Innovation Limited includes those executives who have the authority and responsibility for offices of the company, either directly or indirectly.

Remuneration includes salaries, wages, superannuation and other employee provisions paid, payable or provided to or on behalf of Australian Wool Innovation Limited.

(b) Remuneration principles and policies

(i) Directors' fees

All directors are non executive, and fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. All directors' fee payments are reviewed by the Board. The Chair's fees are determined independently to the fees of directors based on comparative roles in the external market. Both the Chair and non executive directors receive additional fees for their membership on committees.

(ii) Executive employment contracts

Remuneration and other terms of employment for the Executive Management Team are formalised in employment contracts. These employment contracts state a remuneration package (which is calculated on a total cost to the Group basis). None of these employment contracts include share options or termination notice period in excess of six months.

(c) Details of remuneration

(i) Non executive Directors of Australian Wool Innovation Limited

2023 Name	Short-term employee benefits		Post-employment benefits	Total \$
	Directors' base fees paid	Committee fees paid	Superannuation	
	\$	\$	\$	
Mr J Laurie	148,507	23,101	18,019	189,627
Ms G Hack	66,003	19,346	8,961	94,310
Mr N Henderson	66,003	8,251	7,797	82,051
Dr M Humphries	66,003	13,200	8,316	87,519
Mr D Macdonald	66,003	8,251	7,797	82,051
Mr J Morgan	66,003	17,397	8,757	92,157
Mr D A A Webster	66,003	28,843	9,959	104,805
Total	544,525	118,389	69,606	732,520

2022 Name	Short-term employee benefits		Post-employment benefits	Total \$
	Directors' base fees paid	Committee fees paid	Superannuation	
	\$	\$	\$	
Mr J Laurie	140,632	18,048	15,868	174,548
Ms C Garnsey	24,741	5,567	3,031	33,339
Ms G Hack	38,283	6,035	4,432	48,750
Mr N Henderson	62,503	6,608	6,911	76,022
Dr M Humphries	62,503	8,620	7,112	78,235
Mr D Macdonald	62,503	6,781	6,928	76,212
Mr J Morgan	62,503	14,883	7,739	85,125
Mr D A A Webster	62,503	17,596	8,010	88,109
Total	516,171	84,138	60,031	660,340

Notes to the financial statements (continued)

30 June 2023

22: Key management personnel disclosures (continued)

(d) Other key management personnel

Mr J Roberts	Chief Executive Officer
Ms T Marshall	Chief Financial Officer
Mr S McCullough	Chief Marketing and Innovation Officer
Mr J Story	Company Secretary - until December 2022
Ms L Meadley	Company Secretary - effective September 2022
Ms L Armstrong	General Manager – Marketing Communications
Ms J Davies	General Manager - Industry Development
Ms D Giorgiutti	General Manager - Human Resources
Ms J Littlejohn	General Manager – Research - until December 2022
Ms B Peachey	General Manager - Research - effective March 2023
Mr K Wilde	General Manager – Consultation and Engagement
Mr J Reed	General Manager – Digital and IT

23: Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor/s of the parent entity, and its related practices:

	Consolidated	
	2023	2022
	\$	\$
(a) Audit services		
Audit fees – domestic – HLB Mann Judd	104,967	100,015
Audit fees – international – HLB Mann Judd affiliates	98,966	94,382
Audit fees – international – Non HLB Mann Judd	10,998	5,532
Total remuneration for audit and other assurance services	214,931	199,929
(b) Non-audit services		
Tax compliance – HLB Mann Judd	46,000	20,000
Tax compliance – HLB Mann Judd affiliates	6,285	5,958
Total remuneration of non-audit services	52,285	25,958
Total remuneration	267,216	225,887

24: Commitments

	Consolidated	
	2023 \$'000	2022 \$'000
<i>(i) Research, development and marketing</i>		
Commitments payable in relation to research, development and marketing	21,025	13,748
<i>(ii) Forward exchange contracts</i>		
Commitments payable in relation to forward exchange contracts	13,760	8,961

The group treasury policy stipulates the parameters to protect known foreign currency exposures via forward exchange contracts.

25: Related party transactions

(a) Parent entities

The parent entity of the Group is Australian Wool Innovation Limited.

(b) Directors

The names of persons who were directors of the company at any time are as follows: G Hack, N Henderson, M Humphries, J Laurie, D Macdonald, J Morgan and D A A Webster.

(c) Subsidiaries

Interests in subsidiaries are set out in note 26.

(d) Remuneration

Disclosures relating to directors and key management personnel remuneration are set out in note 22.

(e) Other transactions with directors and key management personnel or entities related to them

(i) Loan transactions and balances

There were no loan transactions or balances with directors and key management personnel or entities related to them during the year ended 30 June 2023.

(ii) Other transactions and balances

No director, or director related entity entered into a contract or had any other transactions other than normal terms and conditions with Australian Wool Innovation Limited during the year ended 30 June 2023.

Notes to the financial statements (continued)

30 June 2023

25: Related party transactions (continued)

(f) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
<hr/>		
<i>Sale of goods and services</i>		
Sale of services relating to marketing and wool testing activities to key management personnel of the entity*	14,857	14,072
<i>Purchases of goods</i>		
Purchase of goods and services relating to marketing and wool testing activities from key management personnel of the entity*	283,399	106,464

*For the period in which they held a key management personnel position.

(g) Outstanding balances arising from sales or purchases of services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	Consolidated	
	2023	2022
	\$	\$
<hr/>		
Current payables (purchase of goods)		
Key management personnel of the entity	2,407	96

26: Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2023 %	2022 %
Subsidiaries controlled by Australian Wool Innovation Limited:				
Woolmark Holdings Pty Limited	Australia	Ordinary	100	100
Woolshare Nominees Pty Limited	Australia	Ordinary	100	100
Woolmark Source Pty Ltd (formerly WoolQ Pty Ltd)	Australia	Ordinary	100	100
Subsidiaries controlled by Woolmark Holdings Pty Limited:				
The Woolmark Company Pty Limited	Australia	Ordinary	100	100
Australian Merino Pty Limited	Australia	Ordinary	100	100
Digibale Pty Limited	Australia	Ordinary	100	100
Subsidiaries controlled by The Woolmark Company Pty Limited:				
Woolmark International Pty Ltd	England	Ordinary	100	100
IWS Nominee Company Limited	England	N/A	100	100
Woolmark (Americas) Inc.	USA	N/A	100	100
Stichting International Wool Secretariat	Netherlands	N/A	100	100
Wollsiegel Verband	Germany	N/A	100	100
Woolmark (Italy) SRL	Italy	Ordinary	100	100
The Woolmark Company (HK) Limited	Hong Kong	Ordinary	100	100
The Woolmark (Shanghai) Company Limited	China	Ordinary	100	100
Woolmark Services India Private Limited	India	Ordinary	100	100

27: Economic dependency

Australian Wool Innovation Limited is dependent upon the receipt of Wool Levy and Matching Funds from the Commonwealth Government per clause 14 of the Statutory Funding Agreement between Australian Wool Innovation Limited and The Commonwealth of Australia.

Notes to the financial statements (continued)

30 June 2023

28: Events occurring after the reporting period

Overall, it is not practicable to estimate the future potential impact of the unsettled global economic environment and ongoing conflict in Ukraine, however it currently seems likely that the economies of most of our main retail markets will remain relatively stagnant during 2023/24. The Australian Government's proposed phase out of live exports from Australia is increasingly causing concern to sheep and wool producers in Western Australia with a sizable number of them potentially moving their businesses out of the industry. The La Niña weather pattern which has brought good rainfall to Australia in the past few years has also recently waned with the likelihood of an El Niño weather pattern (low rainfall) taking hold which would be challenging for woolgrowers. All these issues could potentially negatively affect the company's revenue in 2023/24.

There has been no other matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

29: Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Australian Wool Innovation Limited, show the following aggregate amounts:

	2023 \$'000	2022 \$'000
Loss for the year	(18,758)	(12,808)
Total comprehensive loss	(18,758)	(12,808)
Statement of financial position		
Current assets	79,826	97,106
Non-current assets	52,594	53,917
Total assets	132,420	151,025
Current liabilities	6,546	5,928
Non-current liabilities	3,850	4,315
Total liabilities	10,396	10,243
Net assets	122,024	140,782
<i>Shareholders' equity</i>		
Loss for the year	(18,758)	(12,808)
Retained earnings	140,782	153,590
	122,024	140,782

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

Australian Wool Innovation Limited Directors' declaration

30 June 2023

In the directors' opinion:

- (a) the financial statements and notes set out on pages 40 to 68 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- (i) complying with Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulation 2022*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2022*

This declaration is made in accordance with a resolution of the directors.



Mr J Laurie (Chairman)
Director

Sydney
24th August 2023

Independent auditor's report to the members of Australian Wool Innovation Limited



Opinion

We have audited the financial report of Australian Wool Innovation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and the Group in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

Independent auditor's report to the members of Australian Wool Innovation Limited



Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd Assurance
(NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
24 August 2023

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 E: mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

S P James
Director

Report on compliance with the SFA

As a demonstration of AWI's transparency and good governance, AWI is including in this annual report, the report below by HLB Mann Judd regarding AWI's compliance with the Statutory Funding Agreement between the Commonwealth of Australia and AWI, and the efficacy of AWI's accounting systems, processes and controls during the 2022/23 financial year.



To the Directors of Australian Wool Innovation Limited

Report on compliance with the Statutory Funding Agreement

We have performed assurance procedures with regards to the compliance and operating effectiveness of Australian Wool Innovation Limited ("the Company") with the requirements of Section 15 (Management of Funds) and 16 (Application of the Funds) of the Statutory Funding Agreement dated 20 October 2020 (the "Agreement") between the Commonwealth of Australia (the "Commonwealth") and the Company, as measured by the criteria outlined in Sections A and B below.

Use of Report

This report has been prepared for the Directors of Australian Wool Innovation Limited in accordance with the Agreement. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the directors of Australian Wool Innovation Limited, or for any purpose other than that for which it was prepared.

A. Reasonable Assurance on Compliance with the Agreement

Respective Responsibilities

Management of the Company are responsible for compliance with the Agreement as measured by clauses 15 and 16 of the Agreement. Our responsibility is to express a conclusion on compliance with the Agreement as measured by the clauses 15 and 16 of the Agreement, in all material respects.

Our audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements) to provide reasonable assurance that Australian Wool Innovation Limited has complied with the Agreement as measured by the criteria in clauses 15 and 16 of the Agreement for the year ended 30 June 2023.

Our procedures included examining, on a sample basis, information to provide evidence supporting the compliance with clauses 15 and 16 of the Agreement. These procedures have been undertaken to form a conclusion as to whether Australian Wool Innovation Limited has complied in all material respects, with the Agreement, as measured by clauses 15 and 16 of the Agreement for the period from 1 July 2022 to 30 June 2023.

Inherent Limitations

Because of the inherent limitations of any internal control framework, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the Agreement as measured by clauses 15 and 16 of the Agreement, as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with the Agreement as measured by clauses 15 and 16 of the Agreement are undertaken on a test basis. The audit conclusion expressed in this report has been formed on the above basis.

Opinion

In our opinion, Australian Wool Innovation Limited has complied, in all material respects, with Sections 15 and 16 of the Agreement for the period from 1 July 2022 to 30 June 2023.

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 E: mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.



B. Limited assurance regarding operating effectiveness of accounting systems, processes and controls

Respective Responsibilities

Management of the Company are responsible for the efficacy of the accounting systems, processes and controls to comply with paragraph 15.1 of the Agreement. Our responsibility is to express a conclusion regarding the operating effectiveness of the accounting systems, procedures and controls in accordance with the requirements of paragraph 15.1 of the Agreement.

Our review has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information) to provide limited assurance that Australian Wool Innovation Limited has complied with the Agreement as measured by paragraph 15.1 of the Agreement. Our procedures included examining, on a sample basis, information to provide evidence supporting the operating effectiveness of the accounting systems, processes and controls with paragraph 15.1 of the Agreement. These procedures have been undertaken to form a conclusion, that nothing has come to our attention that causes us to believe that the systems, processes and controls related to the management of funds were not operating effectively, in all material respects, in accordance with the requirements of paragraph 15.1 of the Agreement for the period from 1 July 2022 to 30 June 2023.

Inherent Limitations

Because of the inherent limitations of any internal control framework, it is possible that fraud, error or non compliance may occur and not be detected.

A review is not designed to detect all weaknesses in operating effectiveness as measured by paragraph 15.1 of the Agreement as it is not performed continuously throughout the period and tests performed are on a sample basis. Also, a review does not provide all the

evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Any projection of the evaluation of the effectiveness of accounting systems, processes or controls to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accounting systems, processes and controls of Australian Wool Innovation Limited related to the management of funds, were not operating effectively, in all material respects, in accordance with the requirements of paragraph 15.1 of the Agreement for the period from 1 July 2022 to 30 June 2023.

HLB Mann Judd Assurance
(NSW) Pty Ltd
Chartered Accountants

S P James
Director

Sydney, NSW
24 August 2023

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 **E:** mailbox@hlbns.com.au

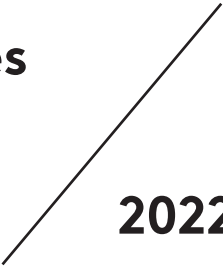
Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.



Australian lifestyle brand Sportscraft partnered with AWI's marketing arm, The Woolmark Company, to create and launch a 53-piece collection of Australian Merino wool garments that champion the eco-credentials of the fibre.

Appendices



2022-2023

76	Project list 2022-23
80	Performance principles
82	Performance against Annual Operating Plan targets

Project list 2022-23

This list contains details of AWI projects in which costs incurred during 2022/23 totalled more than \$175,000 for each project. The cost figures (in the right-hand columns) include both contract and ancillary payments. The costs in this list represent 'external costs' to suppliers directly related to the projects and not the 'internal costs' of AWI staff who manage those projects and other operating expenses. This project list does not form part of the audited financial reports.

* The key providers indicated for each project are listed in alphabetical order. The list of providers is not necessarily a complete list of all providers for the project.

SHEEP PRODUCTION PROJECTS

Project title	Key providers*	\$ paid in 2022/23
AIA Agri Climate Outlooks	Agricultural Innovation Australia	204,351
Breeding for Breech Flystrike Resistance Workshops	Murdoch University; Premium Fulfilment Services Pty Ltd; Schuster Consulting Group	258,758
Efficiency and Automation in Wool Harvesting	University of Technology Sydney	258,106
Flystrike Extension Delivery 2023-2026	Beattie Consulting Services; Clutch Digital; Hot Tin Roof Family Trust; Megan Rogers Consulting Pty Ltd; NeXtgen AGR; Premium Fulfilment Services Pty Ltd; Rawson Print Co Pty Ltd; Schuster Consulting Group; The University of Queensland	224,884
Flystrike Vaccine Fast-track Opportunity	CSIRO	345,000
Genetics Analysis of Data	Orphean Nominees P/L; University of New England	355,874
Informed Modelling of Sheep Blowfly Chemical Resistance	Department of Regional NSW – Primary Industries; The University of Melbourne; University of Tasmania	308,289
Lifetime Ewe Management (LTEM) 8	Andrew Thompson Consulting; Rural Industries Skill Training	280,647
Lifetime Productivity (AMSEA) Project	Australian Merino Sire Evaluation	806,135
Lower Emission Supplements for Grazing at Scale	Department Of Primary Industries and Regions South Australia; University of Western Australia; Department of Primary Industries, Regional NSW	350,000
Mitigating Methane with Asparagopsis	University of New England	501,136
Next Generation Wool Harvesting	The University of Adelaide	344,906
Prediction of AI Success & Semen Standards	The University of Sydney	200,000
Resilience in Merino Sheep – Including Flystrike	CSIRO	272,000
Shearer and Wool Handler Training Program	Advanced Lifestyle Training; Amanda Davis; Andrew Newstead; Ben Carlon, Benjamin Deane Frewen; Brian Anthony Sullivan; Burbidge Farms; Daniel McIntyre; Daniel William Thomas; Grant Oliver Lester; Growing Positive Solutions Pty Ltd; Heiniger Australia Pty Ltd; Ian Elkins; Janice Louise Behsmann; K.L Armour & M.R Newton; Karenne Ann Bowden; Karl Goodman; Kevin Gellatly; Krystal Leigh Weatherall; Kunderning Pty Ltd; Lachlan Anthony West; Michael Pora; Paul Hick; Penny Clout; Px2 Pty Ltd; Richard Leahy; Rural Industries Skill Training; SCAA Shearer Woolhandler Training; Shire of Boyup Brook; Shireen Monds; South Regional TAFE; Tasman Shearing; The French Press By Harriet; Trevor Bacon Contracting; Wayne Duncan Hosie	2,978,656
Victorian Vertebrate Pest Management	Department of Environment, Land, Water & Planning (Vic)	316,564
Wool Harvesting Competitions, Communications & Promotion	Australian National Shearing; Bendigo Agricultural Show Society; Dean Jeffers; Elliot Learmonth; Evolution Recruitment Solutions Pty Ltd; F.C,S.M & S.L Counsell; Growing Positive Solutions Pty Ltd; Muresk Institute; Penny Clout; Premium Fulfilment Services Pty Ltd; Royal Agricultural Society of NSW; SCAA Shearer Woolhandler Training; Sports Shear Australia Association; Sports Shear Australia Victoria; Sports Shear South Australia Inc; Sports Shear Tasmania Inc; Sportshear Australia (NSW) Inc; T B Shearing Supplies Pty Ltd; The Royal Agricultural Society; Walker Shearing Pty Ltd	520,311

CONSULTATION PROJECTS

Project title	Key providers*	\$ paid in 2022/23
Beyond the Bale 2022/23	Australia Post; Clutch Digital; Newstyle Printing Co Pty Ltd; Pulse Hub Pty Ltd; D&D Mailing Services	340,756
BestWool/BestLamb 2020-2023	Department of Jobs, Precincts & Regions (Vic)	190,000
Sheep Connect NSW 2022-25	Megan Rogers Consulting Pty Ltd	230,000
Stakeholder Memberships 2022/23	Agricultural Innovation Australia; CRRDC Secretariat; IWTO Wool Industries Australia Inc	271,621
The Sheep's Back 2020-2023	The Sheep's Back Network	180,000
Trade and Supply Chain	Ausfine Pty Ltd; DRG Strategic Solutions Pty Ltd; Scott Daniel Carmody	248,021

INDUSTRY DEVELOPMENT PROJECTS

Project title	Key providers*	\$ paid in 2022/23
International Network Business	107 Design Inc; Bonpoint SAS; Deborah Sebag; Mojo Studio; Steady Study Ltd.; Theo Vincent; Ying Zhi Advertising (Shanghai) Co	579,868
Technical Transfer 2022/23	Karl Mayer Stoll; Knit Illustrated Inc; Mayer Textile Machine Corp; Peter Ackroyd Ltd; Skorpion Travel SPA; Stoll America Knitting Machinery; Studio Eva De Laet; YTO Express; Zhangjiagang Yangtse Spinning Co	180,325
The Wool Lab 2022/23	Studio 42 London Ltd; Torrissi Mattia; Riccardo Rami Studio SRL	775,424
Trade Extension Engagement	Aclima AS; Design & Development GmbH Textile; Evolution Group SAS; Fiera Milano SPA; ITMA Services; Japan Fashion Week Organization; Marco Martini & C SAS; Messe Frankfurt Medien & Service; Messe Munchen GmbH; PICO In-Creative UK Ltd; Pitti Immagine SRL; Premiere Vision; Sarelance Brands Limited; S.i.tex SPA; Three60	898,142
Woolmark Learning Centre Content Development 2022/23	Daudey Bertrand Atenao SRL; Hot Tin Roof Family Trust; Lloyd Almond Productions Limited; Myrtlewood Pastoral Pty Ltd; Priscilla's Model Management; Three60	180,639
Woolmark Learning Centre Digital Development	Evolution Recruitment Solutions; Protein One Pty Limited; Zen Quality Assurance Pvt Ltd	554,808

MARKETING PROJECTS

Project title	Key providers*	\$ paid in 2022/23
Australia Woolgrower Campaign	Hogarth Australia Pty Ltd; M Media Group Pty Ltd; Meta Platforms Ireland Limited	791,129
Bonpoint	107 Design Inc; Bonpoint SAS; Deborah Sebag; Mojo Studio; Steady Study Ltd.; Theo Vincent; Ying Zhi Advertising (Shanghai) Co	219,247
BOSS - Performance Range Campaign	HUGO BOSS Trade Mark Management	258,082
China 2022 Consumer Program	Amana Inc; Amanaliq Shanghai Limited; Amanaliq Singapore Pte Ltd; Beijing Zhongsheng Lijia Culture; Farfetch (Shanghai) E-commerce Co; Hangzhoualimama Software Services; Ipsos (China) Consulting; Kantar China Ltd; Guangzhou Bran; Key Point Production, Shanghai; Kiyono Inc; Lane Crawford Department Store (Shanghai); Meta Platforms Ireland Limited; Mother Shanghai Limited; Polaris Creative Company Ltd; Shanghai Gefei Advertising Media Co; Shanghai Junjie Printing; Shanghai Shangzhi Trading; Shanghai Yifinity; Ying Zhi Advertising (Shanghai) Co; Zhangjiagang Shenglulu Apparel Co	7,192,000
China 2023 Spring/Summer Program	Mother Shanghai Limited; One Hundred (Magic Warehouse Arts); Shanghai CatchOn & Company Limited; Shanghai INS Production Company Ltd; Ying Zhi Advertising (Shanghai) Co	987,507
China Social Media Amplification	Ying Zhi Advertising (Shanghai) Co	194,822
China Social Media Retainer	Ying Zhi Advertising (Shanghai) Co	193,878
CNMI Sustainable Fashion Award	Camera Moda SRL Unipersonale; Fasten Seat Belt SRL; Pilot Room SRL	239,986
Eco Consumer Campaign Phase Two	Park Village Ltd; Vanessa Francois	343,040
Eco Consumer Campaign Phase Two: Strategy, Production and Media	Park Village Ltd	575,174
Eco Consumer Campaign Western Hemisphere	Anahi SAS; Design Inc; DVJ Insights UK; Green Is The New Black SAS; Park Village Ltd; PMG Worldwide LLC; Sierra Quitiquit Inc; The Digital Fairy Limited; Treetrunk Digital Pty Ltd; We Are Social Pty Ltd	3,044,562
EU Legislation Contingency Framework	Brunswick Group Advisory Limited; Eco Age Limited; Never Sit Still Pty Limited	1,257,117
Farfetch Fall 2022 E-commerce	Farfetch UK Limited	294,768
Goop Holiday 2022 Partnership	Goop Inc	227,229
International Fibre Advocacy 2022/23	R. Peter Ackroyd Ltd	220,645
International Woolmark Prize 2023	Adeju Thompson; Ahluwalia Studio Limited; Benjamin Coyle-Larner; Bluemarble; Box Artist Management Ltd; CR Fashion Book Ltd; Extreme SAS; Getty Images (UK) Limited; Huxley Agency Limited; Mas Mama Mas Inc; MAXXIJI; Meta Platforms Ireland Limited; Paolina Russo Ltd; Rambaldi Group SRL; Robyn Lynch Ltd; Røge & Co Aps; Soc d'exploitation du Royal Monceau; Zak Studio Ltd	4,330,000
Italian Industry Strategic Planning	Fabrizio Servente	293,717
Luna Rossa Prada Pirelli 2024	Fasten Seat Belt SRL; Luna Rossa Challenge SRL; Marco Martini & C SAS; Meta Platforms Ireland Limited; Pitti Immagine SRL; Prada SPA; Skorpion Travel SPA; We Are Social Ltd	2,336,465
Nissan Marketing Campaign	4 for everything; Dark Horses Sports Marketing Ltd; Driving Events Logistics; Evolution Group SAS; GTA Global Ltd; Hotel Windsor; Hypebeast Hong Kong Ltd; Influence SAS; Meta Platforms Ireland Limited; Premiere Vision; Stephane Monteil; Valtex; We Are Social Ltd	784,743

Project list 2022-23 (continued)

MARKETING PROJECTS (CONTINUED)

Project title	Key providers*	\$ paid in 2022/23
PR Agencies 2022/23	Beretta Silvia; Diyalog Medya Kurumsal Iletisim; NAC Group Pty Ltd; Richard D French; Serena Schellino; Shanghai CatchOn & Company Limited; Stephane Monteil; Stephen Toal Ltd; Superneo Communication GmbH	660,798
Saks Fifth Avenue Holiday 2022 Partnership	Saks.com LLC	378,767
Salomon x Woolmark Performance Challenge	Accept & Proceed Ltd; AMANO Muchen GmbH; Feinkost Kafer GmbH; Francesca Paola Dodi; Hochschule Albstadt-Sigmaringen; Superneo Communication GmbH; We Are Social Pty Ltd	226,788
Western Hemisphere Social Media 2022/23	Meta Platforms Ireland Limited; The Digital Fairy Limited; We Are Social Pty Ltd	311,045
Zalando Fall 2022 E-commerce Partnership	Zalando Marketing Services GmbH	228,187

MARKET ANALYTICS PROJECTS

Project title	Key providers*	\$ paid in 2022/23
Brand Positioning and Sustainability Strategy	Pollination Capital Partners	472,537
Woolmark Source Platform Maintenance and Support	EPiServer Inc; Evolution Recruitment Solutions Pty Ltd; Levo Digital Pty Ltd; Microsoft Pty Ltd; Wool Data Solutions Pty Ltd; Zen Quality Assurance Pvt Ltd	240,182

SUPPORT ADMINISTRATION COSTS

Project title	Key providers*	\$ paid in 2022/23
Digital Infrastructure - Support	Edward Surjadi	215,961
Wool.com Refresh	Zen Quality Assurance Pvt Ltd; Evolution Recruitment Solutions Pty Ltd	191,100



Premium Italian performance wear brand Sease teamed up with AWI subsidiary The Woolmark Company to transform traditional formal fabrics into an elegant urban and skiing collection.

Performance principles

There are five principles set in the Statutory Funding Agreement guideline and these are stakeholder engagement, RD&E activities, collaboration, governance, and monitoring & evaluation. Against these principles there are Performance Indicators (KPIs) set out to be reported against. The table below shows the progress that has been made or the measures that have been set out.

Principles	Outcome	Key Performance Indicators	Progress against KPI
Stakeholder Engagement	Engage stakeholders to identify research, development and extension (RD&E) priorities and activities that provide benefits to industry.	1.1 Strategy prioritisation and development processes include appropriate consultation plans, based on the Best practice guide to stakeholder consultation.	4 WICP and 2 WCG meetings The new 2022-25 Strategic Plan has been developed in consultation with key stakeholders. The 2022/23 Annual Operating Plan is aligned to the new Strategic Plan.
	<ul style="list-style-type: none"> Facilitate opportunities for levy payers, industry and government to contribute and collaborate in a meaningful way in setting RD&E priorities and activities. This means being open and transparent about how input and ideas from levy papers is incorporated into strategy design and the reasons for their inclusion or otherwise. 	1.2 Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.	150+ events and forums attended. 4 WICP and 2 WCG meetings
		1.3 Demonstrated incorporation of industry stakeholder feedback on RD&E priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder/s on why incorporation was not possible.	Last FY AWI received a total of 310 submissions through the portal. Any feedback provided through the portal or other form are duly responded to with utmost priority.
Research, Development and Extension (RD&E) Activities	Ensure RD&E [and marketing] priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio.	2.1 RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.	AWI reports on how projects are aligned to the Strategic Plan, Industry framework and government priorities. AWI continually reviews the company's risk appetite through a balanced portfolio analysing risk and return. These are reported in the Annual and Performance reports.
	<ul style="list-style-type: none"> Balancing long-term, short-term, high and low risk, and strategic and adaptive research RD&E activities address levy payer and government priorities Delivering impact "on the ground". 	2.2 Levy payers who participate in RDC supported extension and adoption programs: <ul style="list-style-type: none"> gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness. intend to make or have made changes to existing practices by adopting the outcomes of R&D. 	There were 18,743 active participants in the AWI extension program. 4,031 novice and intermediate level participants trained by AWI shearer and wool handler trainers. 300+ levy payers participate in LTEM trainings annually. A BCA was done of the program and the result published on wool.com

Principles	Outcome	Key Performance Indicators	Progress against KPI
Collaboration	Undertake strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors	3.1 Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform.	159 AWI projects on growAG platform. One AIA project (Agri Climate Outlook) engagement.
	<ul style="list-style-type: none"> Collaborate across the agricultural innovation system to address common challenges and opportunities, including through active participation with AIA on cross sectoral and transformation outcomes 		
	<ul style="list-style-type: none"> The RDCs collaborate with the AgriFutures Emerging Rural Issues forum, 8 Innovation Hubs across Australia, evokeAG online platform and event and growAG platform where relevant. 	3.2 Number and quantum of cross-industry and cross-sector RD&E investments available.	AWI worked with 185 partners across the supply chain. AWI collaborated with RDCs on 24 projects with 41 partner collaborations across these projects.
Governance			ANAO audit was completed and report published on wool.com
		4.1 Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.	All planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.
	Governance arrangements and practices to fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.	4.2 Demonstrated management of financial and non-financial risk.	Risk is captured at Strategic, program, operational, project level.
	<ul style="list-style-type: none"> Good governance ensures stakeholders are well informed and have visibility of the RDC's investments, priorities and achievements Committee structures and corporate policies enable the RDC to manage day-to-day business activities and fulfil reporting obligations. 	4.3 Relevant policies and procedures adopted and implemented (e.g., privacy etc).	<ul style="list-style-type: none"> A new compliance training module for Respect@Work was rolled out to all Australia based employees with a completion rate of 96%. Culture Trainings – 93.5% of global employees trained in WHS, Antbullying and Harassment, Discrimination. During the year, 97.6% of our employees across the group were trained on our Modern Slavery Training During the year, 97.3% of our employees across the group were trained on our Code of Conduct Training
	4.4 Non-financial resources implemented effectively (Human resources, IT, IP etc).		ZenQ are doing security penetration testing to ensure that data remains private, and users cannot manipulate the data or website to capture information from other users. We can also run automated stress testing and have tested with 100 consecutive users on WLC.

Performance against annual plan targets

The table below shows the achievements against the targets that were set in the 2022/23 Annual Operating Plan. The colours demonstrate the status at the end of the financial year for each of the key performance indicators (KPI).

- Achieved
- Not achieved
- Partly achieved

SHEEP PRODUCTION				
Program	Investment Focus	Target	Status	Comments
Sheep Health & Welfare	Training growers and agriculture advisors in moving to a non-mulesed enterprise. This focus addresses the Wool 2030 target of growers having the confidence and tools to manage flystrike without mulesing	15 advisors trained to assist growers to move to a non-mulesed enterprise	●*	Train the trainer sessions for advisors are expected to happen in next financial year (FY).
	Ramping up the delivery of grower extension on flystrike management covering tactical responses, strategic risk management and breeding for flystrike resistance to reduce risk	35 woolgrower extension events held on flystrike management knowledge and skills	●	27 woolgrower flystrike extension events were held by 30 June 2023. Extreme weather conditions caused delays that affected the workshop schedules.
	Training growers and agriculture advisors in moving to a non-mulesed enterprise. This focus addresses the Wool 2030 target of growers having the confidence and tools to manage flystrike without mulesing	80% of growers that participate in workshops report: a. increased awareness of tools to manage flystrike without mulesing (Wool 2030) b. increased confidence in managing flystrike without mulesing (Wool 2030)	●*	StrateFly workshops will be held in the next FY.
	Training growers and agriculture advisors in moving to a non-mulesed enterprise. This focus addresses the Wool 2030 target of growers having the confidence and tools to manage flystrike without mulesing	6 grower extension workshops held on moving to a non-mulesed enterprise	●	The program did not meet this target. However, the expectation is that this target will be met in the next FY.
	Ramping up the delivery of grower extension on flystrike management covering tactical responses, strategic risk management and breeding for flystrike resistance to reduce risk	80% of growers that participate in events report: a. Increased awareness of flystrike management tools b. Increased confidence to make changes to the way they manage flystrike	●	The program is on track to meet this target. 81% of participants reported an increase in awareness of available flystrike management tools after attending the SimpliFly workshops. 76% of participants reported an increase in confidence to make changes to the way they manage flystrike after attending the SimpliFly workshop. 83% of participants reported an increase in confidence to better manage flystrike after attending the SimpliFly workshop.
	ParaBoss website and online resources are more accessible to growers	New ParaBoss website is complete	●	New ParaBoss website has been completed.
	Commission additional research in flystrike management tools targeting the viability of the fly including chemical resistance	Projects commissioned for the 2022/23 financial year	●	The project to increase the understanding of blowfly chemical resistance is progressing as planned. A project to investigate potential pathways for blowfly population control based on Wolbachia infection commenced in April.

SHEEP PRODUCTION

Program	Investment Focus	Target	Status	Comments
Sheep Health & Welfare	Sheep Sustainability Framework online progress reporting dashboard development	Sheep Sustainability Framework (SSF) commences public reporting on progress	●	This target to commence public reporting on progress has been met with the publishing of the SSF Annual Report 2023 , however, the benchmark of having a Visual Insight Dashboard created and available is dependent on MLA with respect to contracting.
	Flystrike vaccine development	Submission of prototype vaccine patent application	●	The target has not been met. Results have demonstrated that the vaccine performance in the field was not of adequate efficacy to reduce flystrike risk (larval biomass reduction was below 25%) .
Vertebrate Pests	Provision of vertebrate pest/wild dog (VP/WD) control coordination co-funded with other sectors in states/regions where coordination is newly/poorly/inadequately established.	Area(s) covered by WD/VP control Groups	●	NE NSW: Significant expansion of coverage/provision of WD/VP management services into Hunter LLS. Vic DELWP: Stable, sound coverage of full range of VP control coordination. SA: Stable, sound coverage of full range of WD control coordination, with attention to other VP species as required.
	Provision of vertebrate pest/wild dog (VP/WD) control coordination co-funded with other sectors in states/regions where coordination is newly/poorly/inadequately established.	Coordination/engagement score > 5/10 (Scale 0 – 10)	●	Coordination/engagement score was 8/10 .
	Provide wool industry appropriate support to on-going integrated rabbit control.	Easy producer access to information on best management practice for rabbit control, including the integration of bio and traditional rabbit controls.	●	CISS website provides a comprehensive range of resources to support Vertebrate Pest control.
		On-going search for new biocontrol tools for rabbit control.	●	Rabbit Advisory Group decided not to pursue the investigation into further development and potential registration of new variants of the Myxoma virus.
	Support for national organisation wild pest management initiatives which address issues facing the wool and sheep industry	Electronic measures of usage and participation available at FeralScan® website	●	Contracting for renewal of FeralScan delayed.
Number of collaborators in funding tech National Wild Dog Management Coordinator		●	The program is on track to meet this target in the next FY.	

Performance against annual plan targets (continued)

SHEEP PRODUCTION				
Program	Investment Focus	Target	Status	Comments
Reproduction & Nutrition	Improve the understanding of the use of hard seeded legumes in low rainfall environments to give woolgrowers greater options to manage a variable climate	Deliver 8 fact sheets which address key management considerations for utilising hard seeded legumes	●	The eight factsheets have been delivered by LegumeN and reviewed by AWI. These are being finalised for publication.
	Tools made available to growers to assist them in choosing pasture species suited to their region and production system	New website is complete	●	MLA and AWI are engaged, and other partners of Pasture Australia (GRDC, AgriFutures) will be asked about their involvement. The website will be designed in house and hosted on AWI's server.
	Invest in pasture and forage plant genetic resources to enable researchers and plant breeders to better access and utilise germplasm for the benefit of the wool industry.	Project contracted	●	AWI continues to invest in the Australian Pasture Genebank and is in contract negotiations with SARDI to extend their management of the Australian Pastures Genebank.
	Research tools and practices to mitigate GHG emissions from sheep industry	Report on initial pen and grazing studies assessing Asparagopsis	●	The initial pen trial and grazing studies have been completed and the report has been received by AWI. Asparagopsis was capable of mitigating methane emissions in both trials.
	Updated pregnancy scanning materials released to industry which promote pregnancy scanning for multiples and preferentially managing ewes based on pregnancy status	Release updated benefit cost analysis (BCA) showing the value of scanning in different wool-growing environments	●	AWI and MLA are planning a national campaign later this calendar year for the release of extension materials related to pregnancy scanning. The BCA will be released as a standalone report in addition to being included in the published final report.
		Update AWI extension packages with new recommendations and guidelines for pregnancy scanning	●	The final report for the 'Refining Body Condition Score' project has been received after some delays. AWI and MLA project managers are currently discussing the best way to extend these findings, with respect to targets in existing extension programs.
	Release updated information to industry regarding ewe condition score (CS) targets for joining and the value of feeding to improve CS	Update AWI extension packages with new conditions score targets.	●	The program is on track to meet this target. All data analysis has been completed and AWI is awaiting the final report for the project. Once this is received, key messages will be extracted and integrated into AWI extension packages.
		Release fact sheet reiterating CS targets for ewes at joining and detailing recommendations for management of ewes to those targets	●	The final report for the 'Refining Body Condition Score' project has been received after some delays. AWI and MLA project managers are currently discussing the best way to extend these findings, with respect to targets in existing extension programs.

SHEEP PRODUCTION

Program	Investment Focus	Target	Status	Comments
Genetics	Increasing overall wool growing productivity	An increase of 4 Index points per year.	●	MERINOSELECT data of 30th June 2023. Breeder data only, does not include R&D flocks. Data is post analysis enhancement update 21st May, using existing indexes. There is data still outstanding for the 2022 drop animals. Between 2020 and 2021 drops MERINOSELECT ram breeders FP+ index went by 1.7 points, MP+ index by 3.0 points and the DP+ index by 3.8 points.
	Breeding for increasing flystrike resistance	Increasing rate of Genetic Gain in both breech wrinkle and dags	●	MERINOSELECT ram breeders have significantly increased the collection of wrinkle, dag and cover data, with most emphasis on reducing wrinkle. There is less data and less variation in the dag trait and progress will be modest.
		Towards the target of increasing phenotyping of Merino breech wrinkle, dags, stain and cover: by 2030 50% of MERINOSELECT current drop will have a breech wrinkle phenotype	●	While as in 2023, 45% of the 2021 drop has a breech wrinkle score the rate of increase is high and looks like the target of 50% by 2030 will be achieved.
	Increasing reproduction outcomes	Towards the target Weaning Rate increase of 5 percentage points from 2020 to 2030. This equates to an increase of 0.5 percentage points per year	●	MERINOSELECT data of 30th June 2023. Breeder data only, does not include R&D flocks. Increase from 2015 to 2020 is 5.7% points (1.1% points per year). Ram breeders in MERINOSELECT have increased their emphasis on weaning rate in recent years and more are collecting the data.
	Maintaining confidence in the MLP project and AGBU analysis	MLP Industry Steering Committee and Analysis and Reporting Committee meetings as required to maintain confidence in the project while it remains in the data collection phase	●	MLP retains its broad consultation with breeders, commercial growers, classers and researchers through the MLP Analysis and Reporting Committee – face to face meetings were held in July and March along with two zoom meetings. Three sites have completed data collection, the final site New England will complete data collection in July 2024 and data analysis is programed to be completed in 2026.

Performance against annual plan targets (continued)

SHEEP PRODUCTION				
Program	Investment Focus	Target	Status	Comments
Hardware & Software Development	Wool harvesting innovation: alternative and/or innovative solutions to increase shearing efficiency and improve shearer and/or animal welfare	Automated wool handling proof of concept delivered	●	The automated wool handling proof of concept has been delivered . The system consists of an actuated conveyor that transfers the fleece through each stage of processing. A camera-based deep learning system has been implemented to inspect the fleece as it moves on the conveyor and cascades over an underside inspection window.
		New projects commissioned	●	Bioharvesting : Researchers have worked to determine the most effective agent for weakening the wool based on laboratory trials using sheep follicle enzyme assays. Monitoring shearers' injuries using sensors : Researchers are improving the sensor's wearable garment for convenience and ease of use.
	Support the development of data platforms and support tools to optimise decision making	AWI input in industry data platform exchange	●	The project to develop the minimal viable product (MVP) of the Australian Agricultural data exchange has been contracted . This development will create a secure, cloud-based platform enabling government, industry, and other participants to share, re-use and merge data from disparate systems in a secure, controlled manner.
	Improve technology adoption by increasing awareness and capacity	Bureau of Meteorology (BOM) Climate Outlook investment to be commenced.	●	The Climate Outlook project is ongoing and progressing as planned.
	Develop or adapt new technologies to increase sustainability and wool production efficiency.	New projects commissioned	●	Projects have been contracted to: <ul style="list-style-type: none"> - develop a tool to measure fibre diameter on-farm - validate the safety and efficacy of Laser treatments to permanently remove the wool
		On-farm validation of wearable sensors for two practical applications	●	The program is not on track to achieve this target. GPS and LoRa version of the tag is still being finalised and validated.

SHEEP PRODUCTION

Program	Investment Focus	Target	Status	Comments
Training and Technology Takeup	AWI will continue to develop and make available key industry resources on best management practices and existing technologies across all facets of sheep production.	AWI leadership and practical skills events delivered to participants receive a net promoter score of at least 7.5/10	●	Net promoter score of 9/10 .
	Resources will be made available through a range of mediums including print, App development and AWI websites.	25,000 views of AWI Education & Extension wool harvesting, resources online	●	There was a total of 26,248 views of Shearing and Wool handling resources online.
	With the broader adoption of innovative approaches to wool harvesting, such as upright and mobile shearing, multi-purpose sheds and easier catch/drag/release methods, AWI will work with industry to develop and deliver applicable training components	3,500 novice and intermediate level participants trained by AWI shearer and wool handler trainers	●	4,031 novice and intermediate level participants trained by AWI shearer and wool handler trainers.
	AWI will continue to recognise elite shearing and wool handling through communication and promotion initiatives, as well as regional, state and national competition support	More than 1,000 participants in shearer and wool handling competitions nationally	●	There was a total of 868 shearing participants across regional and state competitions. <ul style="list-style-type: none"> • 794 participants in regional competitions • 74 participants in state competitions
	Retention of wool industry participants through access to skills building opportunities to increase their capacity in leadership, business, industry promotion and their confidence in the future of their industry	Ongoing retention rate of 75% of those trained yearly	●	There was an 81% retention rate

Performance against annual plan targets (continued)

MARKETING				
Program	Investment Focus	Target	Status	Comments
Trade Marketing	Woolmark Certification: build loyalty between the apparel industry and Australian woolgrowers by providing a globally recognised quality assurance program that communicates best practice and provenance	Design and build Woolmark certification brand portal	●	The Woolmark certification brand portal has been delivered in English, Korean, Mandarin and Japanese and is available for all licensees to access.
	Woolmark Learning Centre: a central learning platform for students, brands, designers, manufacturers and licensees to broaden their wool knowledge	Increase student participation in online courses by 5%	●	There was an increase unique registered users on the WLC and a 10% increase in number of course commencements .
	The Wool Lab: an essential digital tool for brands and designers searching for the highest quality and innovative wool products in the market	Increase traffic to digital The Wool Lab resources by 10%	●	14.2% increase in traffic to digital wool lab resources.
	EU Sustainability Communications: influencing the PEF methodology for positive outcomes for wool	Positively influence MEPs and industry stakeholders to support changes to current PEF methodology	●	The campaign has gained good traction amongst EU stakeholders and there are now similar campaigns being run by environmental NGOs and agricultural groups in the EU raising similar concerns with PEF. As a result, the European Commission's Green Claims proposal was published on 22 March 2023 and did not recommend the PEF as the substantiating methodology. This is a great outcome and reflects this project's objectives. In the proposal, the Commission recognised the shortcomings of the PEF methodology and committed to improving it further: 57 meetings with EU Institutional stakeholders have been held (over the life of campaign). 28 organisations have joined campaign coalition to date.
Talent Development	The International Woolmark Prize 2022/23 will be designed to generate long term incremental demand by connecting the world's most promising emerging designers with the wool supply chain	10% increase in brand awareness for Woolmark amongst fashion conscious consumers and industry stakeholders	●	There was a 52% increase and it was attributed to the uplift in press clippings from the introduction of IWP Finalist Announcement events in key markets (Sydney, London, Paris, Milan, Lagos and Copenhagen), which generated significant social media coverage.
		30 new trade leads	●	376 new leads achieved.
		Increased intent to produce wool amongst designers	●	<ul style="list-style-type: none"> - On average, 42% of participants noted that they sell more than 1000 units of wool garments annually and 25% noted that they sell more than 3000 units of wool garments annually - On average, participants produced 5.6 extra wool garments in their most recent Autumn/Winter collection since their previous collection. - On average, participants produced 3.5 extra wool garments in their most recent Spring/Summer collection since their previous collection.

MARKETING

Program	Investment Focus	Target	Status	Comments
Talent Development	The International Woolmark Prize 2022/23 will be designed to generate long term incremental demand by connecting the world's most promising emerging designers with the wool supply chain	Increased intent to purchase wool amongst retail partners	●	IWP 2022/23 had 3,257 Merino wool units sold . Key retailers for 2022/23 included: Selfridges, Net-A-Porter, Bergdorf Goodman, SSENSE, Browns, Harvey Nichols, Zalando, H'Lorenzo, Dover Street Market, Boon the Shop, Browns, Dover Street Market, SSENSE, Matches Fashion, Nordstrom and more.
	The 2022/23 Woolmark Performance Challenge will aim to inspire science, technology, and design academics to develop innovative product solutions for performance-led apparel, by harnessing the unique natural properties of Australian Merino wool. Build strategic and collaborative relationships with global performance focused-brands – who have the potential to understand and adopt new innovations – and reinforces recognition of Australian Merino wool as the world's greatest natural performance fibre	20 new leads for sports industry brands and stakeholders	●	More than 40 new sports industry brands and stakeholders leads generated in response to the 2022 ISPO announcement.
		5% increase in awareness for Merino wool's performance capabilities	●	33.8% paid uplift as well as being the top performing pillar on our owned social media.
Consumer Marketing	China Campaigns: drive large sales volumes with an affluent customer	Increase brand awareness for Woolmark and Merino wool benefits in China by 3%	●	The IPSOS Brand Tracking Survey results showed the following: 89% Woolmark trademark awareness in China , above the global average of 74% and up from 51% in China in 2021. Alongside the IPSOS Brand Tracking Survey results, the China AW22 post-campaign consumer research (also conducted by IPSOS) showed a 23.7% uplift in Merino wool awareness among Chinese consumers . The Woolmark logo maintained a high recognition level of 82%.
		Sales driving partnership with major e-tailer	●	Retailer partnerships completed with Tmall, Net-A-Porter, Farfetch, Lane Crawford and 11 brand partners throughout July – December 2022 period. AU\$123M in wool Gross Merchandise Value (GMV) across 11 brand partners for the AW campaign

Performance against annual plan targets (continued)

MARKETING				
Program	Investment Focus	Target	Status	Comments
Consumer Marketing	Educate Gen Z and Millennial audiences on the negative affects of synthetics and the eco credentials of wool	Increase consumer awareness of the relationship between synthetic clothing and fossil fuel	●	<p>The Eco Campaign Phase One post-campaign consumer research results included:</p> <ul style="list-style-type: none"> - 79% of consumers said that the advert made them think twice about the environmental impact of their clothes - 78% of consumers said that because of the advert, they would consider materials/ fabrics when making a purchase decision regarding clothes - 80% of consumers said that because of the advert, they believe wool is gentle on the environment
	Build a sense a pride in the Australian wool industry for a home-grown audience	Increase sentiment for Australian wool amongst Australian audiences through Woolgrower Sentiment Survey	●	84% of Australian woolgrowers who completed the Woolgrower Sentiment Survey showed positive sentiment and pride towards the Australian wool industry.
	Brand Partnerships: with influential sporting brands, sustainable fashion brands and high-volume retailers	Secure a minimum of 2 high profile sporting event/team sponsorships	●	<p>Woolmark has renewed its partnership with the Luna Rossa Prada Pirelli for the 37th America's Cup. Woolmark has also partnered with Nissan for the ninth series of the ABB FIA Formula E World Championship. Woolmark is the official technical partner – providing a new high-performance team kit – redefining the way wool is worn by bringing Merino wool's innate performance to the exciting cauldron of the Formula E racetrack.</p>
		Uplift in brand/retailer intent to increase wool product categories	●	The survey results showed that 8/13 partners indicated that they are looking to introduce wool sportswear as a new wool category , three partners indicated that they are looking to introduce wool occasion wear as a new wool category, and three indicated that they are looking to introduce wool workwear as a new wool category.

CONSULTATION

Program	Investment Focus	Target	Status	Comments
Woolgrowers	AWI will overhaul the wool.com website to increase navigability and increase traffic	Increase click through rate on Wool.com website by 5%	●	In the process of redesigning and updating the website to make it more mobile friendly and easy to search and more relevant to woolgrowers.
	Increase meaningful engagement with woolgrowers	Increase the grower sentiment in the Woolgrower sentiment survey by 2%	●	Grower sentiment about the future of the Australian wool industry declined in 2023 (net sentiment down 38 points to +17).
	Through the 6 extension networks, AWI will disseminate resources on best management practices, new and existing technologies and look to make these readily available	Increase number of active participants in AWI extension initiatives	●	There was an increase of 9.75% in active participants.
Industry	WICP Chair to attend Board meetings to provide direct feedback to the AWI board	WICP Chair to present to Board after every WICP meetings	●	WICP Chair presented to the Board following the February and May 2023 WICP meetings.
	Ensure the information provided at the WICP/WCG is easy to disseminate to members and that feedback is provided	Number of page views and dwell time on relevant pages	●	The agenda has evolved to ensure clear two-way communication between AWI and WICP members.
	Regular interaction with members of the WICP/WCG	Increase member satisfaction in the industry forums WICP/WCG	●	WICP met four times in the 22/23 FY - August, October, February, and May. WICP independent Chair has settled into the role. New WICP members have been inducted and providing good insights from their respective organisations.

INDUSTRY DEVELOPMENT

Program	Investment Focus	Target	Status	Comments
Woolmark	Manage and maintain industry relevant specifications and testing standards	Annual survey and review of specifications	●	Review has been completed however implementation was not achieved.
	Targeting new and existing brands and retailers with the value and benefits of the Woolmark Licensing Program	Increase brand and retailer licensees by 10%.	●	There was an 83% increase in licensees.
		Maintain the number of Tickets & Labels ordered by Woolmark licensees.	●	There was 41.3 million ticket and labels ordered , including SML orders and orders through alternative ticket and label providers.

Performance against annual plan targets (continued)

INDUSTRY DEVELOPMENT					
Program	Investment Focus	Target	Status	Comments	
Education & Extension	Educate brands, retailers and floor staff on the wool fibre and its inherent benefits to increase wool sales	Deliver global training programs across womenswear, menswear, sportswear and interiors to a minimum of 30 retailers.	●	224 brand/retail partners received training. Retail training programs performed well during the FY. An updated Wool Appreciation Course has been completed and will be ready for delivery by the global Education Teams in July 2023.	
	Educate next generation of fashion designers to encourage adoption of wool in future garment and product collections and educate textile engineers to ensure ongoing expertise and know-how within the industry	6 new course developments on Woolmark Learning Centre		●	A total of 6 new courses were added to the Woolmark Learning Centre: <ol style="list-style-type: none"> 1. Wool Introductory Course (Nov 22) 2. Price Risk Management (Dec 22) 3. Seamless knitting - Stanton technology (Jan 23) 4. Introduction to textile printing (Mar 23) 5. Wastewater Management in wool processing (Jun 23) 6. Wool knitwear finishing (Jun 23)
		Expansion of Wool Science program into India and 10% increase in student participation		●	There was an 80% increase in global participation by students in India and China. 349 students were from India and 97 were from China.
		Increase global participation in the Wool4School secondary design competition by 5% across Australia, Italy and UK		●	1,614 students participated in the competition, which was an increase of 5%.
		Increase participation in tertiary education programs by 5%		●	5,345 (17% increase) students participated in the fashion tertiary education program.
		Increase participation in the Learn About Wool primary and secondary education program by 5%		●	There was an 56% increase in participation by students in the program.
		Increase Woolmark Learning Centre course completions by 10%		●	There were 2,969 course completions , which was an increase of 143%. The top 5 course completions were: <ol style="list-style-type: none"> 1. Wool Appreciation Course 2. Wool Fibre Science 3. Wool Introductory Course 4. Knitwear Design & Make 5. Sustainability & Wool
		Educate supply chain to ensure growth of wool processing and production expertise, knowledge and knowhow within the textile and garment industry through tradeshows, development centres and trade events Exhibit at leading global trade shows to engage with trade partners to drive demand of wool Exhibit wool innovations at global development centres to attract brand collaboration for innovation of wool products	Leads at trade shows and trade events 10 x Activations at global development centres		●
	Develop a retail training portal via the Woolmark Learning Centre to ensure retail training programs are accessible online and in multiple languages.	Retail training portal development		●	Due to changing digital priorities, the retail training online portal will not be completed in FY22/23.

INDUSTRY DEVELOPMENT

Program	Investment Focus	Target	Status	Comments
Processing & Product Innovation	AWI/TWC will focus on new research technologies as well as sustainable practices. This will include early-stage processing, yarn, textile and garment production and finishing	Increase brand led innovations by 20%	●	To ensure solutions for wool production are upheld, collaboration with seamless knitting machine manufacturer Santoni and flat knitting machinery manufacturers STOLL and Shima Seiki has been imperative. Examples of achievements include: SKODA and VOLVO partnerships for use of wool in car seats and car interiors . Seamless garment developments for cycling, yoga and intimate apparel. Whole garment knitted men's and womenswear jackets. For footwear development, research and trials with digital print technologies on wool qualities also resulted in commercial products.
	AWI will develop Wool Lab Editions in line with global trends and industry manufacturing direction, such as sustainable practices, eg natural dyes. These Editions will be available through physical books and on The Wool Lab Digital platform	Increase swatch requests from The Wool Lab by 10%	●	There were 9,120 (163% increase) swatches requested .
		Further enhance The Wool Lab digital platform	●	New Wool Lab Digital Platform released, November 2022 . The strong results for The Wool Lab are a combination of a new Wool Lab Digital platform that makes it easier to access and request supplier information.
	The Wool Lab remains a leading global sourcing tool for the most innovative, advanced and commercial wool yarns and textiles	Increase the number of supply chain partners contributing to The Wool Lab by 10% to drive demand of wool yarns and textiles	●	There were 417 supply chain partners (124% increase) .
	AWI/TWC Technical Team will support technical transfer of processes and product innovations to strengthen industry capabilities in both existing and emerging markets. Brand led innovations will also be supported	Increase trade partners by 10%	●	Brand led innovations increased across footwear, activewear, automotive and workwear categories. Collaborative efforts with Mas Matrix (Sri Lanka) extended our reach to 10 additional global brands in the sportswear sector .
Maintain existing supply chain partners		●	Technical transfer and education extension delivered in Vietnam, Taiwan, Sri Lanka, Korea, China, Portugal, USA, Netherlands and Bangladesh .	

Performance against annual plan targets (continued)

MARKET ANALYTICS				
Program	Investment Focus	Target	Status	Comments
Emerging Markets	Through advertising with local trade publications and partnerships with local textile associations we aim to increase awareness or introduce Wool/Woolmark to new markets in the manufacturing supply chain	Building brand/wool awareness in the manufacturing supply chain in new markets through: Advertisements in local textile publications – 15 adverts over 3 markets Click throughs on adverts – average of 100 Run wool seminar – 1 seminar	●	Advertised in Textile Today magazine and online in Bangladesh and India. Ongoing for 1 page ad for 6 months with Woolmark Certification advert, Woolmark Learning Centre advert and Woolmark banner online. Achieved 4539 click throughs. There was a wool seminar in Cambodia in September 2022, in association with the Garment Manufacturers Association Cambodia which was attended by 50 people.
	Research into new markets to identify wool use and gaps in the market around wool (ie sourcing, technical knowledge)	Meet with 30 supply chain partners over 3 markets	●	In Bangladesh, Cambodia and Thailand, meetings were held with knitters, spinners, textile associations and relevant government agencies as well as potential contractors for these markets.
	Research into new markets to identify wool use and gaps in the market around wool (ie sourcing, technical knowledge)	Run wool use surveys on 80 potential supply chain partners in 3 emerging markets	●	Ran wool use survey in Bangladesh with 113 knitters and sweater makers.
Supply Chain Initiatives	Connect Australian woolgrowers through the supply chain and ultimately to consumers	1000 woolgrower business registered on Woolmark Source Industry Network	●	There were 880 Woolgrower profiles on Woolmark Source.
	Traceability to be incorporated into the Woolmark Licensing Program, creating the ability for licensees to trace/validate the supply chain journey that the wool has travelled to reach a finished garment	An electronic chain of custody tool integrated to the Woolmark Licensing Program	●	The target was not achieved.
	Collaborate with the Australian wool industry bodies and government bodies to enhance Australian wool traceability systems.	Number of partners collaborated with on traceability systems	●	Wool Clip collaboration was achieved , and an active working group established to collaborate on traceability initiatives.

MARKET ANALYTICS

Program	Investment Focus	Target	Status	Comments
Business Intelligence	Create the most valued market intelligence in the wool industry. Build demand and subscriber numbers as an indication of quality, well presented and sought-after information. Provide forecast analysis and insights into global trends to inform business owners of threats and opportunities across the supply chain	80% of users of AWI's Market Intelligence find it of 'high value' or above	●	AWI Woolgrower Survey shows that 72% of growers find value in AWI Market Intelligence and Analysis.
		E-news click through rate of 12%	●	Average click through rate was 4.23%
		Increase subscriber numbers by 10%	●	The number of subscribers were: Daily: 4,110 Weekly: 4,428
		Market Intelligence area on AWI website receives 15,000 views per month	●	On the AWI website page, the Market Intelligence section received a total of 124,788 views with an average of 10,399 views per month.
Eco Credentials	Demonstrate the wool industry's alignment with the increasingly global policy transition towards a circular economy	Generate an intelligence report for distribution to key stakeholders, informing them of the growing need to recover and recycle clothing and the implications of fibre type choices	●	The intelligence report has been completed.
		Produce evidence from stakeholders in the recycled clothing supply chain of wool's circular attributes	●	Supply chain stakeholders have been interviewed and videoed about wool's advantages in the circular economy and the wool industry's mature and scalable recycling industry.
		Report on a gap analysis investigating the profitability of end-of-life pathways of wool relative to other fibre types	●	The gap analysis has been completed.
	Development of environmental rating schemes for apparel that benefit wool and establish a level playing field with other fibre types	Gained the inclusion of non-physical durability criteria in the PEF Category Rules for apparel	●	AWI's leadership of the PEF Working Group is gaining momentum, with both the PEF Technical Secretariat and developers of the French labelling initiative acknowledging that assessment of product lifetime needs to be broader than just physical durability. Most recently the EU Commissioner for the Environment has recognised the need to both measure microplastics in PEF and downplay the importance of physical durability in the rating of textiles as this "might incentivise the use of synthetics".
		Publish a scientifically defensible review of the PEF Guidelines including recommendations to improve the methodology	●	
		Obtain EU acknowledgment of the system boundary problem and the need to meaningfully account for circularity, renewability, microplastics and plastic waste in PEF	●	Convincing the EU to modify PEF requires continued efforts at many levels, we are starting to see positive signs from the EU, but more progress is needed. Extending the term of the Make the Label Count campaign is encouraged.

Performance against annual plan targets (continued)

MARKET ANALYTICS				
Program	Investment Focus	Target	Status	Comments
Eco Credentials	Evidence of wool-growing as a proactive and forward-looking industry, carefully stewarding the environment	Investigate current and potential garment care scenarios evidencing how wool delivers better environmental outcomes	●	Researchers have been slow to finalise the publication due to the study design being compromised by COVID-19, which in turn appears to have resulted in less meaningful findings.
		Produce and publish 10 case studies on the environmental and economic performance of woolgrowers undertaking a broad range of farming practices	●	Five of the targeted 10 case studies have been received.
		Produce and publish 5 case studies on the biodiversity trends on farms undertaking described regenerative practices	●	The five case studies have been completed
	Generate new knowledge of wool's carbon account, including emissions at the national and farm scales and identifying plausible emissions mitigation strategies	Develop a report assessing the technical feasibility, cost-benefit and opportunities for achieving lower emission wool	●	The co-funded project with MLA is complete. A comprehensive research paper has been written delivering these outcomes.
		Publish a literature review of plausible strategies to achieve woolgrower mitigation goals	●	The co-funded project with MLA is complete. A comprehensive research paper has been written delivering these outcomes.
		Publish a review of accounting methods for methane emissions from ruminants and the implications for global warming	●	This work is almost complete. Sheep industry emissions and trends have been assessed and reported in the Sheep Sustainability Framework for the 2005 - 2020 period. The period is currently being extended to 2023, to remove any bias caused by the Australian flock being at a record low due the 3-year drought.
	Help enable woolgrowers to capitalise on opportunities for new income streams, including carbon credits and biodiversity credits	Complete 2 extension events on carbon storage and assess the association between biodiversity, GHG emissions and productivity	●	Two extension events have been completed on farm-scale biodiversity assessment tools at the National Carbon Farming Conference and the Expo in Albury.
		Complete an analysis of the relationship between natural capital, biodiversity and farm profitability	●	Reports were received for the woolgrowing properties participating in the study and a draft report has been submitted on the relationships between natural capital, biodiversity and farm profitability.
		Develop a "how to" guide for producers wishing to improve natural capital across the diversity of Australia's woolgrowing areas	●	This project is partially completed and is on track. The four case study farms in different regions have been assessed for biodiversity indicators and GHG emissions and sequestrations.
		Report 2 adaptations that gradually reduce greenhouse gas emissions over time for a range of climatic regions	●	This project is partially completed and remains on track. The Consultant has submitted a progress report that outlines two adaptations to be applied to each region for scenario modelling to gradually reduce greenhouse gas emissions over time as well as diversifying income to include carbon and biodiversity credits.

MARKET ANALYTICS

Program	Investment Focus	Target	Status	Comments
Health & Wellness	Specified next to skin Merino garments improving sleep quality	Collect and analyse data on the impact of Merino wool and cotton sleepwear on the sleep outcomes and symptoms of post-menopausal women	●	The sleep study has been finalised due to the PhD student needing to prematurely cease the clinical phase, with 16 of the targeted 35 participants having completed the study.
	Specified next to skin Merino garments are therapeutic for eczema	Collect and analyse international data assessing the impacts of Merino garments on eczema sufferers	●	Currently, 21 of the targeted 50 participants have been recruited.
	Generate new test protocols to measure wool's breathability in dynamic conditions	Complete human testing and interpret the relationship between fabric, manikin and human test results to guide development of a method for measuring wool's breathability in dynamic circumstances	●	The challenge of developing a fabric-based test method to objectively confirm wool's ability to keep wearers more comfortable in stop-go sports such as cycling, and rock climbing has been successfully overcome. A variant to the methodology used in test demonstrates that wool significantly reduces the after-chill experienced by athletes during the stop phase.
	Determine if there is an effect of fibre type on the cognitive performance of the wearer in stressful situations	Complete human testing of cognitive performance and symptoms during mentally stressful circumstances, while wearing wool and polyester base layer garments, in preparation for publication	●	The study is now complete. The researcher has drafted the research paper and submitted it for publication in the journal <i>Frontiers in Psychology</i> .

CORPORATE SERVICES

Program	Investment Focus	Target	Status	Comments
Corporate Services	People and Culture – Source, nurture and retain the best available talent for the business and ensure they have the required skills, processes, support, training and working environment to facilitate them performing at their best to deliver for woolgrowers. Fostering and nurturing a culture that has integrity, respect, and transparency at its core, and that celebrates diversity and inclusiveness	Improve employee engagement through the implementation of best practice programs and processes including Reward & Recognition, EAP, and Your Voice	●	A score of 4/5 was received for employee engagement , following the survey launched in December 2022. Some employee concerns or requests, identified in that survey, have already been actioned. Engagement with the EAP is a little higher but there is still work to do in this regard. Engagement with Woolmarkable, especially in Australia, has increased, but the business still needs to look at introducing a reward & recognition program that recognises performance excellence and productivity.
	Information Technology – provide support to the business for all hardware and software requests. Implement SLA to monitor support requests	Achieve SLA 90% of time	●	During the period there were 1061 tickets with an average first response time of 12h 32m. 79.06% were responded to within the SLA. Average time to resolution was 22h 9m.

Performance against annual plan targets (continued)

CORPORATE SERVICES				
Program	Investment Focus	Target	Status	Comments
Corporate Services	Digital – provides the systems that the organisation needs to deliver information with an aim to uplift the performance of AWI’s digital ecosystem by deploying various technological solutions to make AWI a digital transformative organisation.	Number of digital integrations	●	The digital team has worked to increase the number of digital integrations across the business by connecting the Digital Wool Lab to Salesforce and Domo, Woolmark Learning Centre course results and completions to Salesforce and Domo. As well as integrating Pardot with all websites, Salesforce and Domo. The team also connected SAP to Domo and Salesforce as well as connecting Salesforce to DocuSign for contract automation.
	Measurement and Evaluation – provides a framework to measure, analyse, evaluate, and report on the performance of AWI’s investments on behalf of its stakeholders, implements and updates systems and processes to assist in the consistent collection and analysis of information and data to inform investment decisions and report against AWI strategic and operational targets	Conduct three impact (cost – benefit) assessments of RD&E and marketing investments annually.	●	Four impact assessment reports have been completed and one is about to be finalised. In addition, the 2019/2022 Strategic Plan was evaluated, and final report has been made available.
	Finance – monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company’s global footprint. Manages the company’s global investment and foreign currency exposures within the approved policies to safeguard corporate funds and minimise currency risk exposure. Provide useful and accurate financial reports to the business to enable effective decision making that meets the global financial compliance requirements.	Timely financial reporting to internal and external stakeholders	●	All international statutory reporting completed and submitted in time with external reporting requirements. Weekly Project Reporting and Monthly Board reporting prepared and communicated in accordance with timetable.
		Unqualified audit report delivered	●	The 2022/23 Financial Statements have been drafted and are with the auditors for approval.
	Legal – supports staff with commercially sound legal solutions. In addition to providing legal advice, the team is responsible for managing the company’s Intellectual Property (IP) Portfolio and advising on IP matters, assisting with corporate governance matters and company secretary work for TWC and its subsidiaries and advising on privacy and data protection matters	Reduce turnaround time on contract development	●	This target has been achieved. All legal emails are responded to within 48 hours. The turnaround time is within the timeframe.
		Implement the Contract Express system within the organisation	●	This software has been replaced by a more robust software that is integrated with our existing system.





THE ANNUAL REPORT IS AVAILABLE ON
wool.com