

Annual Report

2023-2024



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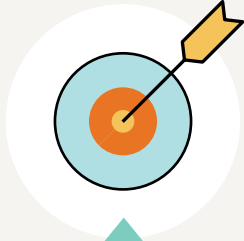
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Our vision statement



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 through the global supply chain for Australian wool – from woolgrowers through to retailers, the use phase and ultimately end-of-life.

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 17,364 shareholders at 30 June 2024. AWI shareholders are able to shape the decision-making process of the company via their access to information and can 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.

The number of shareholders eligible at 30 June 2024 to vote at the AGM is 15,905. Each of those shareholders has paid \$100 or more in wool levies in the past three financial years. This was a decrease of 762 eligible shareholders during the past 12 months.

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

How AWI is funded

AWI investments are funded primarily through a wool levy paid by Australian woolgrowers. The Australian government is the single largest contributor though a matched contribution for eligible R&D activities, capped at 0.5% 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. The next WoolPoll vote is in 2024.

Wool levy payers

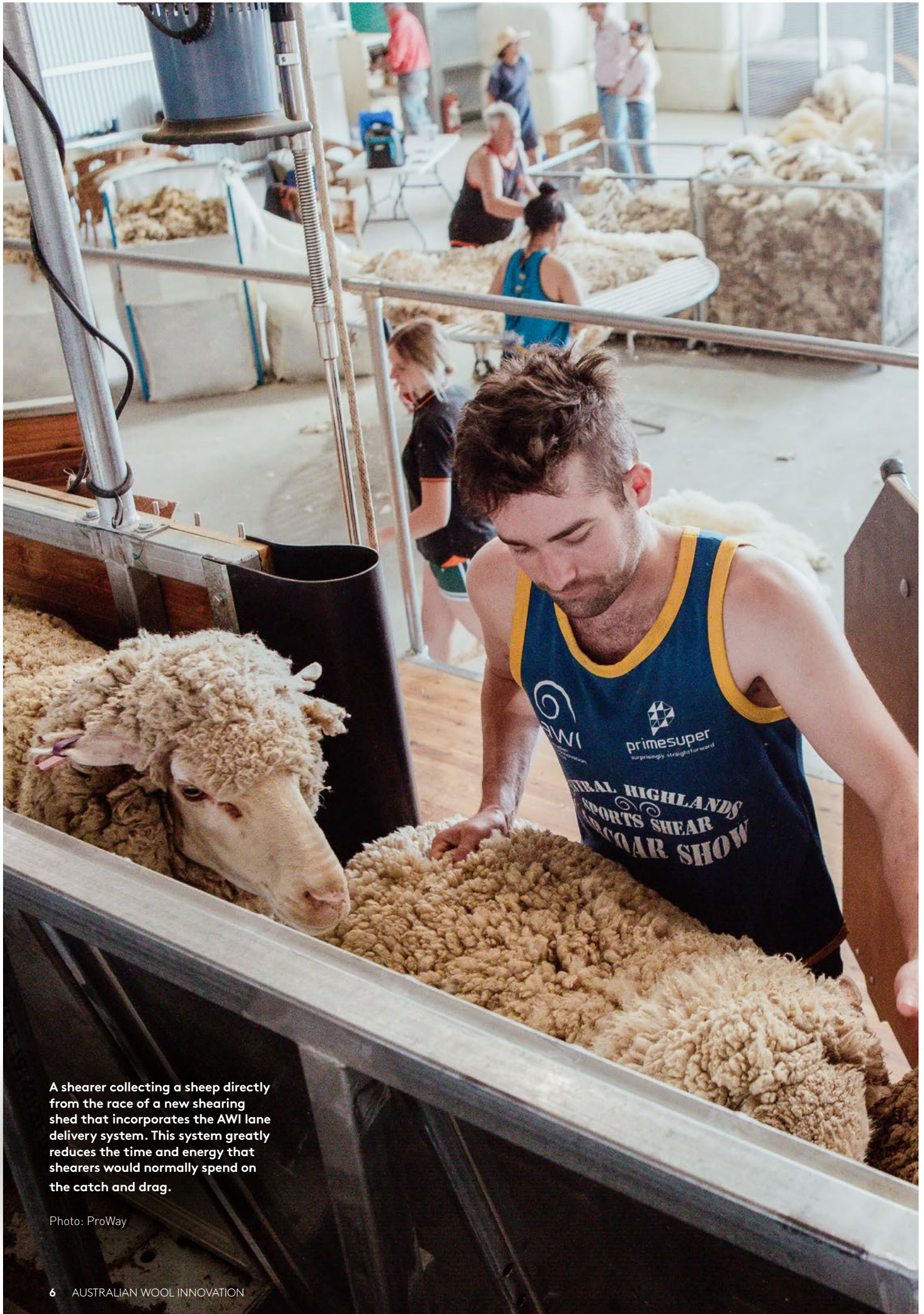
AWI works on behalf of all wool levy payers, not just AWI shareholders. There were 75,336 wool levy payers at 30 June 2024.

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 2024, there were 39,510 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.**





A shearer collecting a sheep directly from the race of a new shearing shed that incorporates the AWI lane delivery system. This system greatly reduces the time and energy that shearers would normally spend on the catch and drag.

Photo: ProWay



SHEEP PRODUCTION

More than **520** participants enrolled in the Lifetime Ewe Management (LTEM) course across Australia.

SHEEP PRODUCTION

Wild Dog Control Initiatives program was evaluated, resulting in a Benefit:Cost ratio of 5.74 which means that for every \$1 invested there was a **\$5.74** return on investment.

INDUSTRY DEVELOPMENT

There were **2,085** Woolmark Learning Centre course completions.



MARKETING

The Wear Wool, Not Fossil Fuel eco campaign video was viewed more than 131 million times and generated more than **850 million** impressions.

MARKETING

During the past six years, the Woolmark Performance Challenge has involved nearly **7,000** students from more than 325 universities in 30 countries across the world.

CONSULTATION

There are **17,000** active participants in state-based AWI Extension Networks.

TRACEABILITY

The newly-launched **Australian Wool Traceability Hub** is set to strengthen the confidence in, reliability and efficiency of, the transfer of key information within the Australian wool supply chain from woolgrowers to first stage processors.

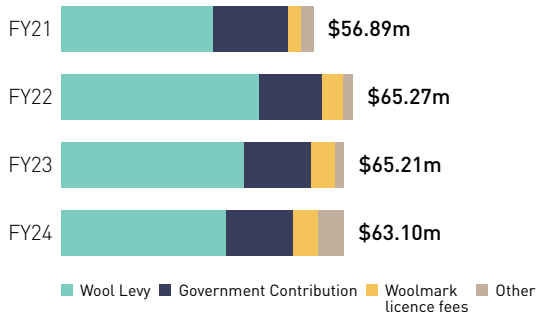


**Wool is a 100%
natural, renewable
and biodegradable
fibre.**

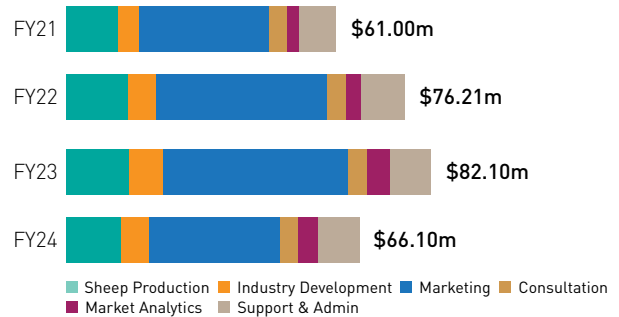


Summary statistics 2023/24

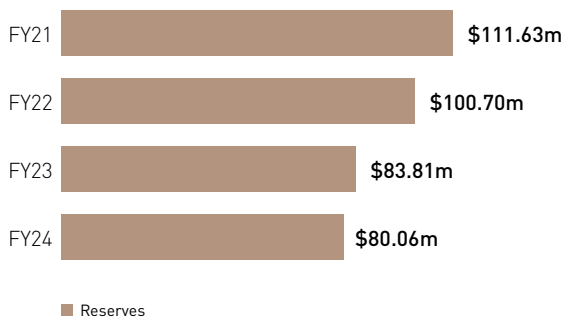
AWI Revenue



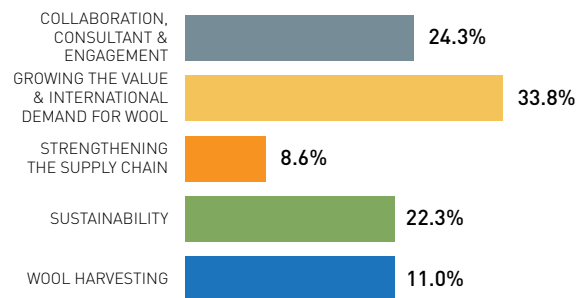
AWI Expenditure by Portfolio



AWI Reserves



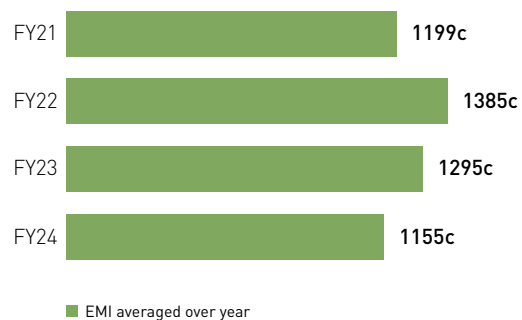
AWI Expenditure by Priorities



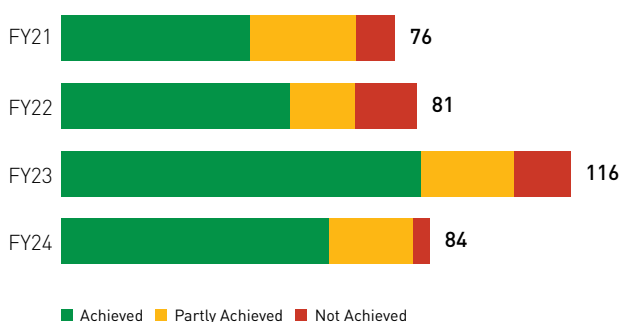
Australian Wool Production



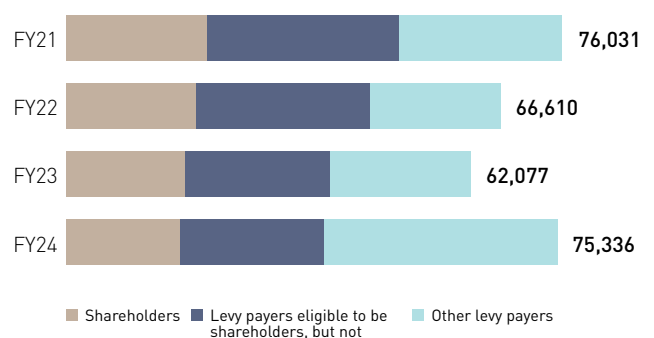
EMI



AWI KPIs



AWI Shareholders/Levy payers



AWI undertakes R&D and marketing on behalf of Australian woolgrowers to enhance the profitability and long-term sustainability of Australian woolgrowers.

Woolgrowers are at the heart of AWI.

We are proudly owned by Australian woolgrowers and our sole mission is to deliver for them now and into the future.

Despite challenging global economic conditions and unseasonably dry weather in many regions, woolgrowers across the country are showing their customary resilience and many of them are investing further in their wool-growing businesses, whether that be investment in new infrastructure, technology, genetics, their natural capital, people or knowledge.

As with any business, they realise that to increase efficiency, profits and growth, they must invest. Similarly, AWI, the Australian wool industry's R&D and marketing organisation has this year been investing in the prosperity and future of the industry.

We've been training more shearers and wool handlers and researching technology-based wool harvesting options. We've invested in options for woolgrowers to manage flystrike, in projects to increase the reproductive efficiency of woolgrowers' flocks, and in genetics projects to help woolgrowers select rams and ewes that are more productive throughout their life.

During the year, AWI has maintained an important on-the-ground presence across the country so that the company keeps attuned to the concerns and needs of woolgrowers. AWI's Industry Relations Officers, other staff members and directors have attended more than 150 events across the country. The AWI Extension Networks in each

state have also continued to be very active, delivering practical training programs to increase growers' adoption of best practice on-farm management. Also vital are AWI's Woolgrower Industry Consultation Panel and Woolgrower Consultation Group, through which AWI consults with woolgrower representative bodies to help the company determine the key R&D and marketing priorities of woolgrowers and industry.

This year, the company has also been very active in taking advantage of the opportunities and addressing key challenges in our markets. The trend towards sustainability is both an opportunity and a threat. The natural, biodegradable and renewable benefits of wool make it very suitable for the new circular economy which minimises waste and pollution, and we have been on the front foot in promoting the eco-credentials of the fibre to manufacturers, brands, retailers and consumers. A major concern continues to be the European Union's environmental impact labelling proposals which pose a big danger to natural fibre industries; it is vital that we continue our work to influence the process.

In the off-farm area, we have also been working to develop emerging markets, capitalise on the trend towards the casualisation of apparel, get more wool into the sports and outdoor markets, adapt to the growth in e-commerce, and target the new generation of premium consumers.

AWI is now developing its Strategic Plan for the three-year period starting next financial year, building on the R&D and marketing results we have already achieved. This new plan will be produced



with extensive consultation with woolgrowers and will be shaped by the result of WoolPoll.

Anecdotally, we have always known that greater profits are more likely to be derived by growers from improving the performance of their wool-growing enterprise rather than shifting to a different enterprise – and recent research has confirmed this. The data also shows that a specialist wool enterprise delivers similar or superior profits when compared to alternative enterprises over a five-year period.

AWI will continue to help growers in this regard by delivering on-farm innovations to reduce their costs and increase their production. At the same time, we will continue to invest in wool textile industry development and marketing to support wool prices which we anticipate will recover when global economic conditions improve.

Jock Laurie – Chairman
Australian Wool Innovation
4 September 2024

Despite the challenging economic conditions facing the company and the industry, AWI continues to achieve rewarding R&D and marketing results that benefit Australian woolgrowers.

AWI continues to provide valuable and cost-effective research, marketing and development programs for Australia's woolgrowers despite challenging conditions.

In 2023/24, AWI fully achieved 75% of its annual targets with a further 20% of the year's targets partially achieved. These results were accomplished despite dwindling reserves and falling revenue that constrained the company to reduce its expenditure by 20% compared to the previous year. With reduced funds, we focus investments in those areas which woolgrowers have told us are particularly important to them.

Our multi-pronged approach in wool harvesting has continued to be a priority. Of special note, the AWI project to develop a new opportunity for biological wool harvesting is progressing well, and AWI-funded shearing and wool handling training courses this year saw a 22% increase in novice and intermediate level participants.

In other on-farm areas, more initiatives in AWI's Flystrike Extension Program were rolled out this year, and several new R&D projects to suppress sheep blowfly populations were launched. The results of the four-year flystrike vaccine development project were published and, whilst encouraging, more research is needed to advance development of a vaccine. Our projects to improve the genetic gain of sheep are going well, with significant milestones achieved this year in the Merino Lifetime Productivity project. Also, our environmental sustainability research projects are starting to get some useful results which will help ensure that Australian wool continues to align with customers' expectations.

We continue to closely monitor the outcomes of our investments to ensure that they are effective and provide value for money. For instance, an impact assessment undertaken this year into AWI's investment in wild dog control initiatives revealed that for every \$1 invested by AWI, there has been a \$5.74 return on investment.

Furthermore, during 2023/24, AWI partnered in research projects with more than 50 different organisations. Every dollar that AWI invested in research collaborations was matched by \$1.39 from other organisations. This collaboration enables AWI to leverage greater funds to invest in activities that deliver value to Australian woolgrowers.

In the off-farm area, 2024 marks the 60th anniversary of the world famous Woolmark brand. The Woolmark logo's enduring appeal continues to deliver significant returns to Australian woolgrowers through its use in the Woolmark Certification Program as well as marketing campaigns. Since the logo was created in 1964, more than six billion wool and wool care products have been certified for quality through the Woolmark Certification Program and there are now more than 600 Woolmark licensees.

Woolmark offices across the world continued this year to partner with leading manufacturers and brands to explore new opportunities for Australian wool and carry out successful collaborative marketing campaigns. In much of our marketing, we focus on promoting the eco-credentials of Australian wool to take advantage of the market's mega-trend towards sustainability. Our own *Wear Wool, Not Fossil Fuel* eco campaign



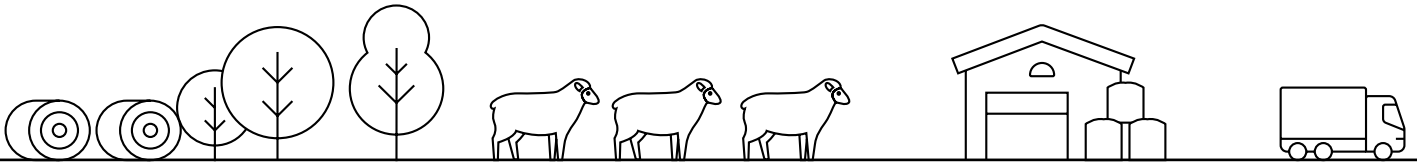
continued to perform well this year – it has now generated 850 million impressions with surveyed consumers saying that it was very impactful.

To help support the demand for Australian wool globally, it is important that the company engages with and inspires the world's leading textile manufacturers, brands and retailers to include wool in their collections. International trade shows, industry development centres, The Wool Lab sourcing guide and educational initiatives are just some of the ways that we have done that this year. With innovation at the heart of what the company does, our global technical team this year also supported 82 process and product developments.

I am proud of our achievements on behalf of Australian woolgrowers and I am confident that we can achieve even more for Australian woolgrowers in the years ahead.

John Roberts – CEO
Australian Wool Innovation
4 September 2024

Collaboration

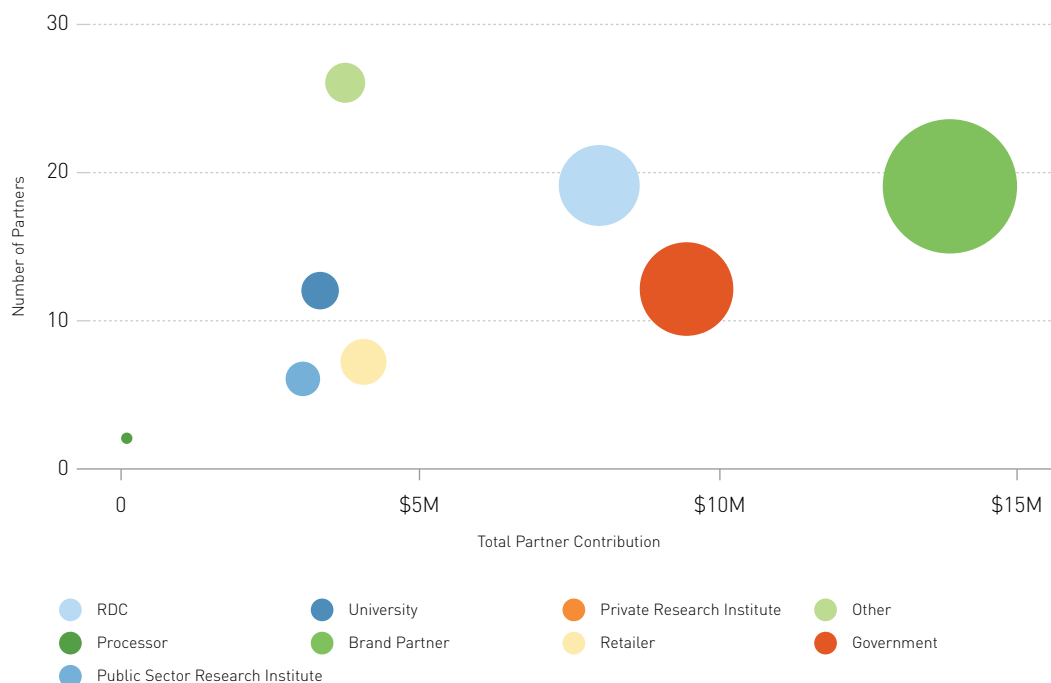


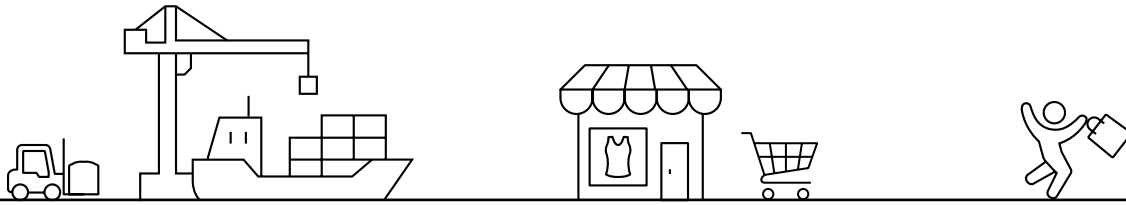
AWI maximises the investment of Australian woolgrowers and the Australian Government's funds through pursuit of collaborative opportunities with industry participants on-farm and throughout the supply chain. This enables effective sharing of knowledge, efficient investment of funds and a greater scope 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.

Some examples of our partner collaborations are highlighted below:

- **Brand Partners:** Huckberry, Sportscraft, Goldwin INC, Mizuno, Salomon, and others.
- **Rural Research & Development Corporations:** AWI collaborated with 9 RDCs, which included Meat & Livestock Australia, Dairy Australia, AgriFutures, Australian Eggs, and others.
- **Retailers:** Browns Fashion, Musinsa, Naturkompaniet, Rakuten Group, TSI, Reliance Retail, and others.

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.





- **Universities:** Deakin University, Murdoch University, The University of Sydney, The University of Melbourne, University of Western Australia, and others.
- **Government:** Australian Research Council, Department of Agriculture, Fisheries & Forestry (DAFF), Department of Foreign Affairs & Trade (DFAT), and others.
- **Public and Private Sector Research Institutes:** CSIRO, South Australian Research & Development Institute, Farming for the Future, and others.
- **Others:** Australian Wool Testing Authority (AWTA), International Wool Textile Organization (IWTO), Global Apparel Partners Inc, Nanshan Zhishang, and others.

AWI collaborators across the supply chain

AWI delivers value by building new and strengthening existing partnerships across the supply chain. In the 2023/24 financial year, AWI established and maintained 150+ partnerships with various parties that operate both locally and globally. Below is a selection of some of them.



A sheep treated for biological wool harvesting that has had some of its wool harvested for demonstration purposes, on show at the Sheep Field Day at Katanning, WA, in October 2023.

Sheep Production

The MLP project has collected more than 2,000,000 data points from 5,700 ewes assessed for lifetime productivity.

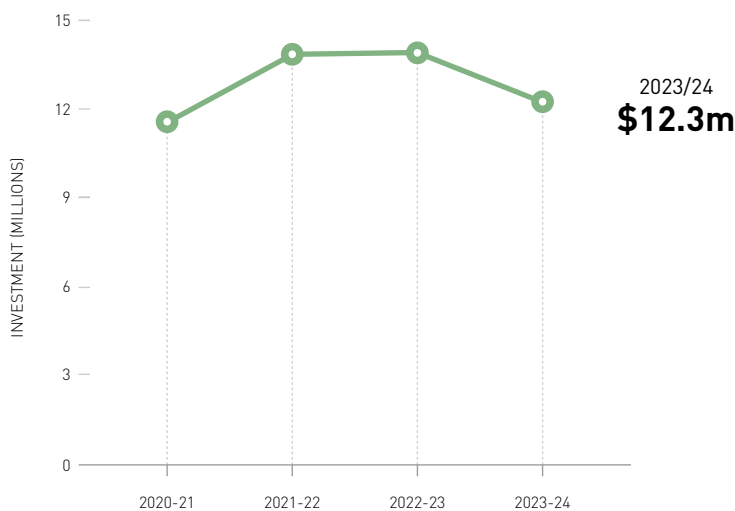
AWI in partnership with RIST continues to deliver LTEM successfully with 520 participants enrolled in the LTEM course during 2023/24.

The long-term (2014-2022) reduction in losses to predation due to AWI's Community Wild Dog Control Initiative and other on-ground support averaged 81%.

1,160 participants in SportShear shearing and wool handling competitions nationally.

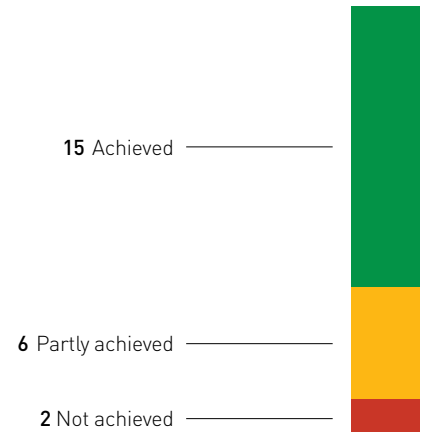
Portfolio objective: Increase the productivity of sheep, land and the efficiency on use of inputs and resources whilst enhancing Australia's reputation for sustainability.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

23 TARGETS



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

Portfolio highlights of 2023/24

Research levy investment

In 2023/24, AWI partnered in research projects with more than 50 different organisations, including new collaborative partnerships with organisations such as Deakin University and the University of Melbourne's WEHI (Walter and Eliza Hall Institute). As a result of these collaborations, AWI has a leverage funding ratio of nearly 1.4. This means that for every dollar AWI invested in research collaborations in 2023/24, it was matched by \$1.39 from other organisations, through either Federal grants and cash or in-kind contributions.

Vaccine for control of flystrike

The final report for the first stage of the flystrike vaccine development project with CSIRO was submitted for review in late 2023/24. Initial in-vitro (lab) results were positive in reducing larval mass, but the researchers struggled to replicate these in field trials when vaccinated sheep were exposed to flystrike. Investment in further research to better understand how the blowfly larvae react to the vaccine when it is applied to the sheep and to identify better methods of delivery of the vaccine will be critical in producing an effective vaccine against flystrike.

AWI's Flystrike Extension Program

AWI this year continued to help 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. The **SimpliFly**[™] one-day workshop helps woolgrowers develop a property-specific, strategic flystrike management plan. This year, **ClassiFly**[™] workshops were finalised to help woolgrowers increase their understanding and skills in breeding for flystrike resistance. Also this year, the **StrateFly**[™] workshop to develop a property-specific strategy for moving to a non-mulesed enterprise was piloted, and development commenced for **AmpliFly**[™] one-on-one coaching to assist woolgrowers prevent and control flystrike for rollout in 2024.

Suppressing sheep blowfly populations

The results from recent AWI-funded research with the Universities of Melbourne and Queensland demonstrated proof of concept that the Australian sheep blowfly *Lucilia cuprina* can be transinfected with a natural bacterium, *Wolbachia*, which could

potentially spread itself through and suppress sheep blowfly populations. However, infection rates in the project were variable and relatively low, and a long-term project would be needed to establish infection success. In a separate project with industry partners, millions of sterile male blowflies are set to be released on Kangaroo Island to see whether it will suppress the blowfly reproduction rate and population. In a new project, with Deakin University, AWI is also aiming to develop a highly targeted new blowfly lure technology to reduce the build-up of sheep blowfly populations.

Biological wool harvesting

The AWI project to develop a new opportunity for the biological harvesting of wool is progressing well. AWI-funded research at the University of Adelaide has generated a weakened zone at the base of the wool fibre that, importantly, enables the fleece to remain on the sheep without a net until the wool can be mechanically removed. Further testing continues. AWI is now investing in the second phase of the project which is the development of a way to harvest the weakened wool via a device that applies a force to separate the wool from the body of the sheep. AWI has contracted with four organisations to undertake R&D into wool harvesting systems, with each taking a different approach to removing the wool.

Shearer and wool handler training

AWI funds shearing and wool handling training courses to attract and retain new entrants into the wool harvesting industry and increase workers' productivity, skills and professionalism. As a way of encouraging learner shearers to stay in the industry, AWI in partnership with Heinger also provides them with an 'AWI Learner Shearer Toolkit' containing a handpiece and other shearing gear, subject to the shearer passing certain criteria. Since the project was launched three years ago, AWI has issued 540 toolkits to learner shearers who have taken up shearing full time. AWI analysis shows that 100% of learner shearers that were issued with a toolkit in the 2023/24 financial year have stayed in the industry.

Wool Ambassadors Program

This year, AWI rolled out its Wool Ambassadors Program in all six states. The 17 state-based ambassadors attend events such as Sports Shear competitions and shearing industry training workshops to highlight the benefits of working in the wool harvesting industry. They are positive role models, thereby helping to attract a quality workforce, raise wool harvesting standards and improve the culture in shearing sheds.

Portfolio highlights of 2023/24 (continued)

AWI sheep delivery units

There are six companies across Australia manufacturing systems based on the AWI sheep delivery system designs. The AWI sheep delivery units provide a system that delivers sheep directly to the shearer, eliminating the time and energy that shearers spend on the catch and drag and minimising the chance of injury to the shearer. The design focuses on a 'modular' concept in which portable singular shearing stands can be joined together.

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. A full suite of sheep assessments, comprising more than two million pieces of data, have been taken 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.

Farming for the Future

In response to market demand for evidence that woolgrowers are responsibly managing the environment on their farms, AWI is co-investing in the Farming for the Future program to demonstrate to woolgrowers the business case for improving their farms' natural capital (environmental assets such as soil, water and vegetation). Through consultation with woolgrowers and the supply chain, AWI has been building industry-wide consensus on the most commercially appropriate and cost-effective metrics for woolgrowers to measure, manage and report their on-farm natural capital and environmental performance. The program has also this year issued a set of 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.

Lifetime Ewe Management

AWI continued support of the Lifetime Ewe Management (LTEM) course during the year, with 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.

Methane Emissions Reduction in Livestock (MERiL) program

AWI and its research partners' success in winning Federal Government grants to explore methane-mitigating feed additives has continued over 4 years. AWI's \$2.9 million in seed funding has enabled this \$12.7 million program of research into the most promising feed additives and delivery systems for grazing sheep, with the work continuing to 2027. This work sits within the National Sheep Methane Program (NSMP) which is a collaborative and coordinated effort between AWI and the departments of primary industries and universities in the main wool-producing states, to implement practical and safe ways for producers to reduce methane emissions from grazing sheep as well as increase productivity.

Early results indicate a 50% methane reduction is possible in sheep consuming Asparagopsis (via pellets), with a 19% methane reduction and 27% increase in productivity from the additive Agolin. However, uniform uptake of additives across the flock has been challenging, hence the next stage is exploring more even distribution, including delivery via drinking water and a range of dry supplement forms (loose licks, pellets, grain and lick blocks). The effects of mob size and the number of feeders in the paddock on uptake are also being assessed.

AWI Breeding Leadership professional development

AWI held a five-day Breeding Leadership course in February for 22 enthusiastic young people working in the wool industry – the industry's next generation of leaders. Held every two years, Breeding Leadership arms the young participants with the skills and tools to become better leaders. Now in its tenth year, the course has helped progress the careers of 219 young people within the wool industry, many of whom hold leading wool roles today.

Students at Goroce P-12 College in the Wimmera region of Victoria with some of the wethers they are looking after as part of the School Merino Wether Challenge which provides the students with practical, hands-on sheep management experience.



AWI staff attended more than 150 industry events.

WICP met four times during 2023/24. Meetings were held in Sydney and Adelaide.

90% of growers find value in *Beyond the Bale* magazine.

341,345 page visits on wool.com, which is a 36.53% YoY increase.

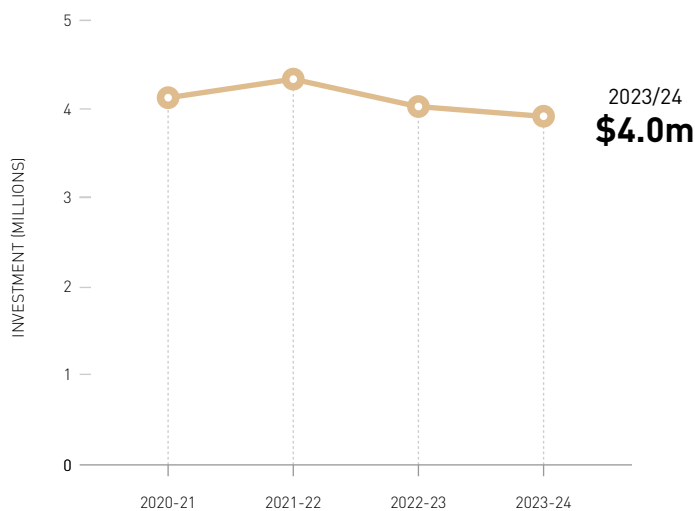


More than 270 growers at the 'Managing the late break' field day in May at Nareen, Victoria, hosted by the Glenelg Grass Growers BestWool/BestLamb group, which is funded by AWI Extension VIC and Agriculture Victoria.

Consultation

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

4 Achieved

2 Partly achieved



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

Portfolio highlights of 2023/24

AWI 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. New AWI Extension Network branding, websites and social media were launched in March. The networks will continue to deliver valuable and timely on-farm information through workshops, webinars, newsletters, field days, social media and conferences to their growing combined membership of about 17,000 woolgrowers.

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, ram sales, extension network Producer Advisory Panel meetings, and other sheep and wool industry meetings. Many of these were attended by AWI's four Industry Relations Officers who manage AWI's on the ground relationships and engagement with woolgrowers and wool industry networks.

AWI communications

- *Beyond the Bale* magazine was posted quarterly direct to about 16,000 Australian woolgrowers and wool industry stakeholders, and the related *Beyond the Bale* e-newsletter was emailed to an average of 8,535 recipients each quarter.
- AWI's Woolgrower monthly e-newsletter was emailed to an average of 8,152 recipients.
- The Yarn podcast averaged 954 downloads for each of the 15 episodes produced during the year.
- The Wool.com website was revamped and received 341,345 visits during the year.
- AWI social media channels, with respective followers at 30 June 2024 and percentage increase during the year, were:

 11,154 followers **(+25%)**

 8,076 followers **(-%)**

 7,008 followers **(+11%)**

 4,055 followers **(+11%)**

AWI Woolgrower Consultation and Communications Plan

To strengthen industry consultation processes and reach more woolgrowers with targeted communications, AWI updated in July 2023 its Woolgrower Consultation and Communications Plan. The plan ensures a two-way dialogue with stakeholders and enables AWI to work closely with partners in developing its activities. While AWI consults a range of stakeholders, engagement with woolgrowers is a key priority.

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 2023/24 (July 2023, November 2023, February 2024, April 2024). 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 28 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 investment priorities.

The Woolmark Company stand at the ITMA Textile & Garment Technology Exhibition in Milan. Trade shows provide a key opportunity for The Woolmark Company to engage with and inspire the world's leading textile manufacturers, brands and retailers to include wool in their collections.

Industry Development

223 Learn About Wool kits ordered during 2023/24.

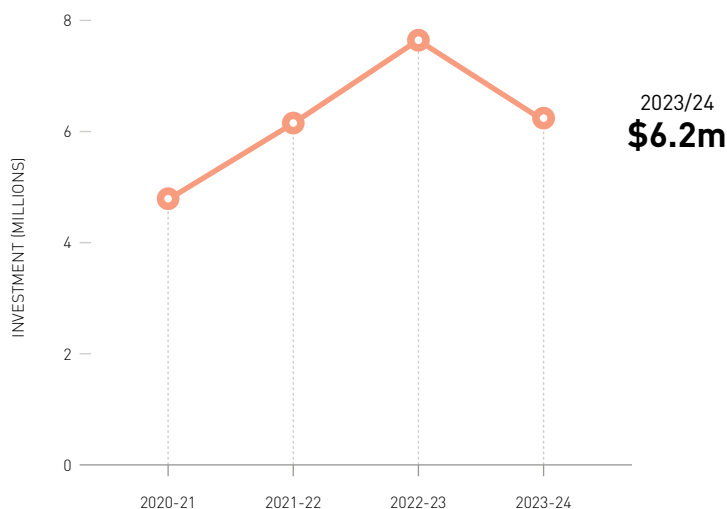
495 participants in Wool Science & Technology programs across India and China.

12,630 swatch requests from The Wool Lab, which is a 38% YoY increase.

16 tradeshows exhibited at with 833 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

16 TARGETS

15 Achieved

1 Partly achieved

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

Portfolio highlights of 2023/24

60 years of Woolmark licensing

The Woolmark Company is marking the 60th anniversary of the world famous Woolmark brand – owned by Australian woolgrowers. Since the logo was created in 1964, more than six billion wool and wool care products have been certified for quality through the Woolmark Certification Program. There are now more than 600 Woolmark licensees. As well as being essential to the Woolmark Certification Program and the marketing of Woolmark-certified products by licensees across the world, the Woolmark logo is pivotal to much of the marketing that The Woolmark Company undertakes to build awareness of the benefits of Australian wool and increase purchases of wool products by consumers.

Trade shows promote Australian wool

The Woolmark Company exhibited at 16 of the most important international trade shows 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. During 2023/24, six themed booklets were released for Spring/Summer 2025 and five themed booklets for Autumn/Winter 2025/26, which together generated 12,630 swatch requests. A special edition focussed on Portuguese spinners, knitters and weavers was also released this year. As well as being available as physical books, The Wool Lab is also available on Woolmark.com via The Wool Lab Digital platform which achieved 937 unique registrations this year.

Process & Product Innovation

The Global Technical Team supported 82 process and product developments – a combination of industry and brand led developments across sustainable processes, fashion, sports, work health and safety and interiors.

Partnerships with global development centres

The Woolmark Company in 2023/24 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 current development centres are located in:

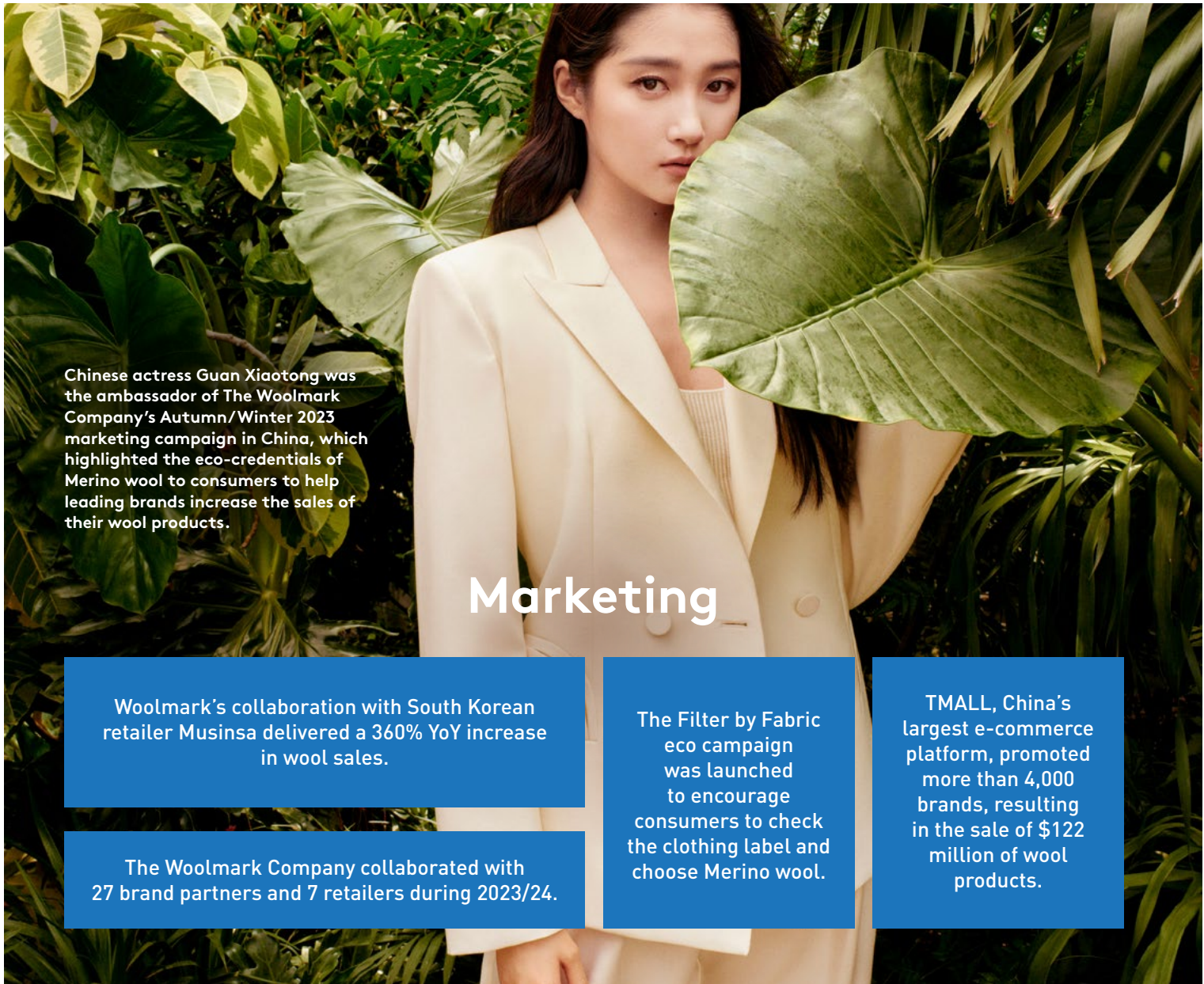
- **China:** Donghua Wool Education Centre (Shanghai), Nanshan Weave Centre (Shandong), Xinao Knitwear Development Centre (Zhejiang Province), Santoni Material Experience Centre (Shanghai), and a new centre being developed at Redsun (Zhejiang Province).
- **Europe:** D-House Urban Lab (Milan, Italy) and La Caserne (Paris, France).
- **USA:** Variant 3D (California).

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 80 training programs delivered this year, double the target of 40, to international brands such as Benetton, Uniqlo and Under Armour, and Australian brands such as Rip Curl and Cable Melbourne.

Tertiary student education

The Woolmark Company continues to foster the education and development of tertiary textile engineering 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 textile and product designs as they progress through their professional lives. This education also supports the preservation of expertise within the textile and design industry. Highlights this year were the delivery of the Woolmark Wool Science and Technology program in China and India, Naturally Inspiring seminars, a special wool workshop at Dutch Design Week, and facilitating tours of wool-growing properties during visits to Australia by students from New York and Biella. In addition, The Woolmark Learning Centre is a free web-based hub that houses world-class educational resources about wool for learners at all levels; this year it received 4,132 registrations (23% above target) with 2,085 course completions.



Chinese actress Guan Xiaotong was the ambassador of The Woolmark Company's Autumn/Winter 2023 marketing campaign in China, which highlighted the eco-credentials of Merino wool to consumers to help leading brands increase the sales of their wool products.

Marketing

Woolmark's collaboration with South Korean retailer Musinsa delivered a 360% YoY increase in wool sales.

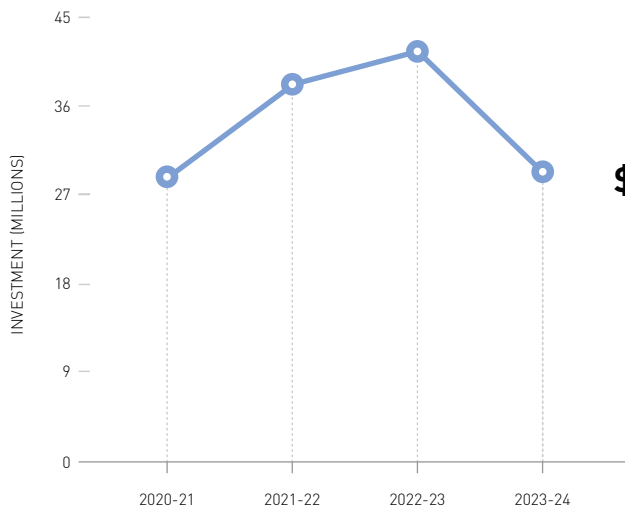
The Woolmark Company collaborated with 27 brand partners and 7 retailers during 2023/24.

The Filter by Fabric eco campaign was launched to encourage consumers to check the clothing label and choose Merino wool.

TMALL, China's largest e-commerce platform, promoted more than 4,000 brands, resulting in the sale of \$122 million of wool products.

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

12 TARGETS

11 Achieved

1 Partly achieved



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

Portfolio highlights of 2023/24

Wear Wool, Not Fossil Fuel eco campaign

During the past two years, The Woolmark Company has run a powerful and successful eco-focused marketing campaign to reinforce to consumers that synthetic fibres are made from oil, and that consumers should instead choose the natural fibre wool. The initial year (2022) of the company's eco-campaign focussed on delivering a series of powerful visual messages through the emotive 'Wear Wool, Not Fossil Fuel' video (woolmark.com/wear-wool) that highlights the link between fabrics made from synthetic fibres and the crude oil used in its manufacture. The amazing reception to the video in 2022 resulted in The Woolmark Company running this aspect of the campaign again in 2023.

The campaign has generated 850 million impressions and was viewed 131 million times. Research shows the campaign surpassed industry benchmarks, with surveyed consumers saying that it was very impactful:

- 75% expressed purchase intent for wool.
- 78% have reconsidered the environmental impact of their clothing choices.
- 80% acknowledged wool as environmentally friendly.
- 77% take fabric/materials into account when making clothing purchases.

Filter by Fabric eco campaign

In October 2023, The Woolmark Company launched the 'Filter by Fabric' (filterbyfabric.com) aspect of its eco-campaign which urges fashion brands to commit to transparent, accurate product names that reflect fabric composition. The initiative amassed 330+ media clippings, four million impressions, and pledges from consumers and brand partners such as global fashion giants Benetton and Reformation as well as leading Australian brands Iris & Wool and Merino Country.

Joint marketing campaigns

To increase sales of Australian wool products, The Woolmark Company partners with leading brands from across the world to carry out successful collaborative marketing campaigns. A small selection of the campaigns in 2023/24 is listed below:

Asia

- The Woolmark Company continued partnering with China's largest e-commerce platform **TMALL**, promoting 4,000+ brands during Wool Week (September). Alongside this, Woolmark partnered with select brand and retail partners to drive wool sales during Double 11 (November) and Double 12

(December) shopping festivals. Across the Autumn/Winter campaign, \$122 million of wool products were sold, a 150% increase in sales compared to the pre-launch period.

- South Korean e-commerce platform **Musinsa** promoted the wool apparel of 87 brands, selling \$62 million of wool products during the five-month campaign, a 360% year-over-year increase.
- Japanese e-commerce fashion platform **Rakuten Fashion** promoted the wool apparel of 756 brands, selling \$22 million worth of wool products during the two-month campaign.

Europe

- Celebrating a 50 year partnership with Woolmark, fashion giant **Benetton** launched more than 1.5 million, Woolmark-certified, 100% Merino knitwear garments for Autumn/Winter 2023/24.
- Leading sportswear brand **Salomon** upgraded its popular Pulsar PRG shoe by incorporating Merino wool as a lightweight knitted upper.
- Iconic Italian swimwear brand **arena** launched its inaugural collection of wool-rich beachwear for men and women.

North America

- Premier ecommerce platform for luxury fashion **Saks** increased wool sales on Saks.com by 125% compared to the previous 6-week period.
- Lifestyle and outdoor brand **Huckberry** increased year-over-year wool sales by 30% thanks to a content-rich, digital campaign.
- Iconic Canadian luxury retailer **Hudson's Bay** carried out a successful marketing campaign that achieved almost 36 million impressions, with a 33% increase in wool sales from the previous year.

Australia

- Celebrating a 60 year partnership with Woolmark, **Sportscraft** launched a dedicated Merino wool collection in May 2024, which saw a 26% increase in wool sales compared to last year.

Woolmark Performance Challenge

The Woolmark Performance Challenge is a competition for tertiary students from across the world to develop innovative new product applications for Merino wool within the sports and outdoor market. For the 2023 competition, students were challenged to develop bold, game-changing innovations that reinvent the uniforms of the Luna Rossa Prada Pirelli sailing team, the Italian challenger in the iconic America's Cup sailing race. During the past six years, the program has involved nearly 7,000 students from more than 325 universities in 30 countries across the world.



An industry owned and led initiative, the Australian Wool Traceability Hub aims to strengthen the confidence in, reliability and efficiency of the transfer of key information within the Australian wool supply chain from woolgrowers to first stage processors.

Market Analytics

AWI has actively engaged with the EU PEF Secretariat, proposing improvements, providing high-quality Wool LCA datasets, and developing alternative strategies, while coordinating industry responses to EU legislation.

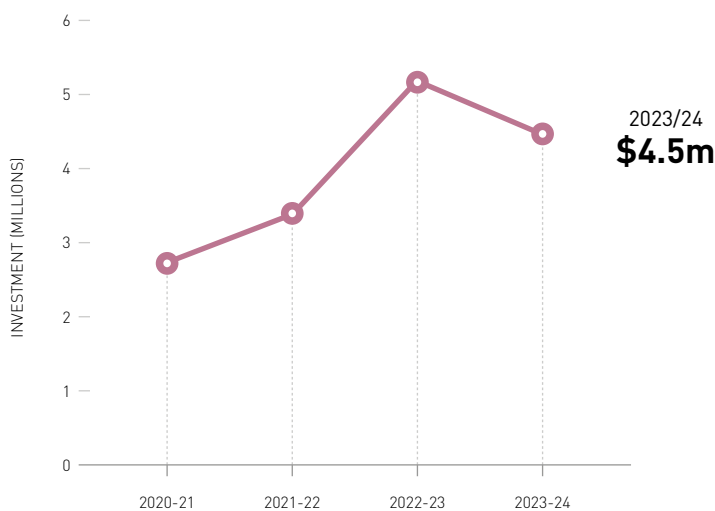
Four case studies modeled the impact of grazing management and pasture biodiversity on soil organic carbon.

AWI has pinpointed emerging markets like Portugal, Mexico and Peru for expanding Australian wool processing and manufacturing. This approach includes evaluating economic conditions, textile sector growth, and political factors to enhance market diversity and competitiveness.

608 active Woolmark licensees.

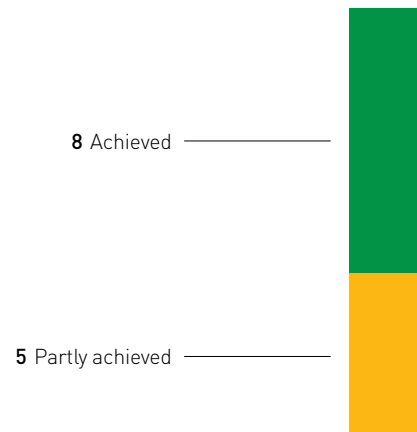
Portfolio objective: To provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties; to communicate wool's benefits, facilitate provenance and supply chain transparency.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

13 TARGETS



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

Portfolio highlights of 2023/24

Advocacy for wool in the European Union

As part of attempts to shift to a climate-neutral and circular economy, European Union (EU) policymakers have been working for several years on a tool – the Product Environmental Footprint (PEF) – to facilitate environmental labelling on apparel products for sale in countries across the EU. However, the PEF methodology is flawed and incomplete, and as a result, it rates wool and other natural fibres poorly. AWI has been working collaboratively with a wide range of like-minded organisations globally to address the shortcomings of PEF on two fronts. Firstly, in the European Commission’s PEF Technical Secretariat where AWI has been providing expert advice based on its science and research. Secondly, in advocating to EU policymakers as part of the Make the Label Count campaign. It is critical that AWI continues to advocate for EU policymakers to improve the PEF and refrain from adopting it in the laws until it’s improved, especially as other markets across the world could potentially adopt similar initiatives. AWI is also focussing on and engaging with other rating schemes such as France’s own tool called Ecobalyse, which comes with similar challenges to PEF.

Strengthening the evidence-base of wool’s biodegradability

The results of AWI-funded research into the biodegradability of different fibre types were published in two peer-reviewed journals, adding to the growing body of scientific evidence proving wool’s eco-credentials. The two pieces of research, undertaken by AgResearch, show that machine-washable wool fibres as well as untreated wool fibres readily biodegrade in (1) the marine environment, and (2) industrial composting conditions, in contrast to synthetic fibres that do not. The results show that the Hercosett resin used as part of the machine-washable wool treatment does not create microplastic pollution.

Australian Wool Traceability Hub

The Australian Wool Traceability Hub (AWTH) was soft launched at the IWTO Congress in Adelaide in April, prior to its official launch in July. An industry owned and led initiative, the AWTH is a new and essential tool to strengthen the confidence in, reliability and efficiency of, the transfer of key information within the Australian wool supply chain. As well as providing end-to-end commercial traceability from farm to first

stage processor, it will enable the Australian wool industry to get ahead of the curve when it comes to Australian wool’s Emergency Animal Disease response plan.

Edition’s first traceable wool collection

In collaboration with AWI, Chinese womenswear brand Edition launched in August its first traceable Merino wool collection which showcased to consumers one of the wool-growing properties in Australia from which it sourced the fibre for the collection. Each product in the collection has a swing ticket with a QR code for consumers to scan to discover information on the production process, the origins of the Merino wool, and the stories behind each design and product.

Emerging markets

As part of its updated Emerging Markets Strategy, AWI has identified several countries that could potentially be new processing and manufacturing markets for Australian wool. This will help reduce the risk of the Australian wool industry relying on a limited number of markets and ensure that Australian wool remains competitive. In addition to opportunities in several Asian countries, AWI is working in Portugal to take advantage of the nearshoring opportunities for markets in Europe; and Mexico and Peru for the North American market.

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 August 2023, December 2023 and April 2024. AWI and MLA’s joint **Sheep Producer Intentions Survey** of producers was conducted in October 2023, February 2024 and May 2024. Four editions of a quarterly **Wool Market Report for Woolmark licensees** were issued to help them navigate trends in the supply chain.

Impact assessments conducted for Luna Rossa Prada Pirelli, Wild Dog Control Initiatives and Shearer and Wool Handler Training Program.

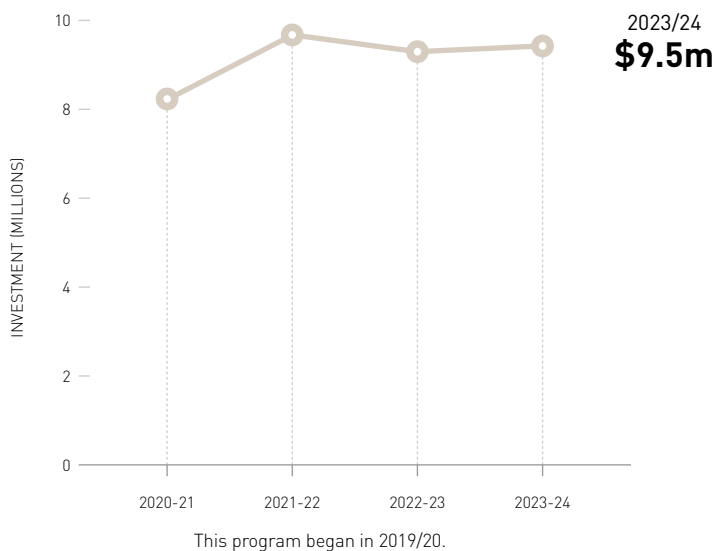
Board diversity has improved, with women now comprising 43% of the members (3 out of 7). This marks a notable year-over-year change from the previous 28% (2 out of 7).

Respect@Work training was rolled out with an average completion rate of 98.6%.

Corporate Services

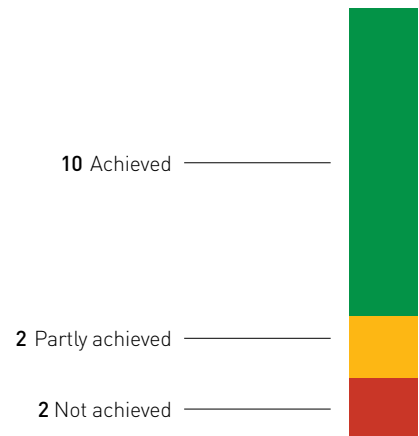
Portfolio objective: To provide key expertise, compliance, governance, support, and value to the global business in the areas of financial management, legal, measurement, evaluation, people & culture, and company secretarial support including IP portfolio management.

INVESTMENT OVER TIME



ANNUAL PLAN TARGETS

14 TARGETS



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

Portfolio highlights of 2023/24

Evaluations

The Measurement and Evaluation (M&E) team carried out comprehensive internal evaluations on four distinct projects: Shearer and wool handler training program, Wild dog control initiatives, Luna Rossa Prada Pirelli and Nissan Formula-e, each representing a diverse array of AWI strategies. By utilising methodologies meticulously tailored to the unique activities of each project, the team ensured the assessments were both relevant and robust. This thorough approach not only provided in-depth insights into the effectiveness of the projects but also highlighted areas for potential improvement and future development.

Learning and development

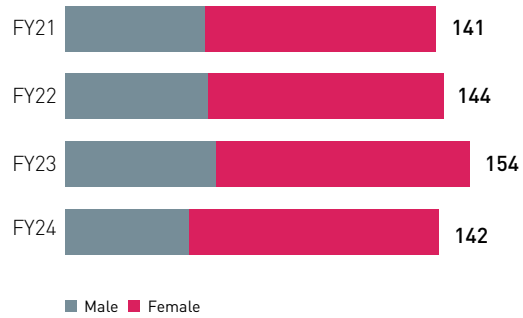
On average 97% of AWI global employees have completed annual compliance courses during the year.

- Work health and safety, 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

AWI has continued to refine its processes by migrating program achievement reports to a digital platform and automating risk management to streamline reporting requirements. Project management tools have been further enhanced to ensure seamless transfer of information from project proposals to completion reports. AWI has also maintained its use of an electronic document management system to improve approval controls and filing processes, significantly reducing paper waste by eliminating the need to print, sign, and scan documents. With its enterprise-grade security and compliance controls, the electronic document management system helps safeguard AWI's information, documents, and data. These efforts reflect AWI's ongoing commitment to enhancing efficiency across the business.

AWI global employees



AWI Board of Directors

at 30 June 2024



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.



Mr Neil Jackson

Mr Jackson was elected to the AWI Board in November 2023.

Responsibilities:

- Research & Development Committee member.



Ms Georgia Hack

Ms Hack was elected to the Board in November 2021.

Responsibilities:

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

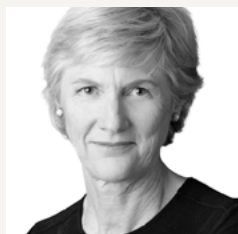


Mr Don Macdonald

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

Responsibilities:

- Chair, People & Culture Committee (since 18 July 2024).
- 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.
- Audit & Risk Committee member.

For all Board of Directors biographies, see www.wool.com/directors



Mr George Millington

Mr Millington was elected to the AWI Board in November 2023.

Responsibilities:

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



Ms Emma Weston

Ms Weston was elected to the AWI Board in November 2023.

Responsibilities:

- Chair, People & Culture Committee (up to 18 July 2024).
- Audit & Risk 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 George Millington

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 Don Macdonald (since 18 July 2024)

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 2024

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 Charter for this Committee and two incumbent Board directors. The composition of the committee is as follows:

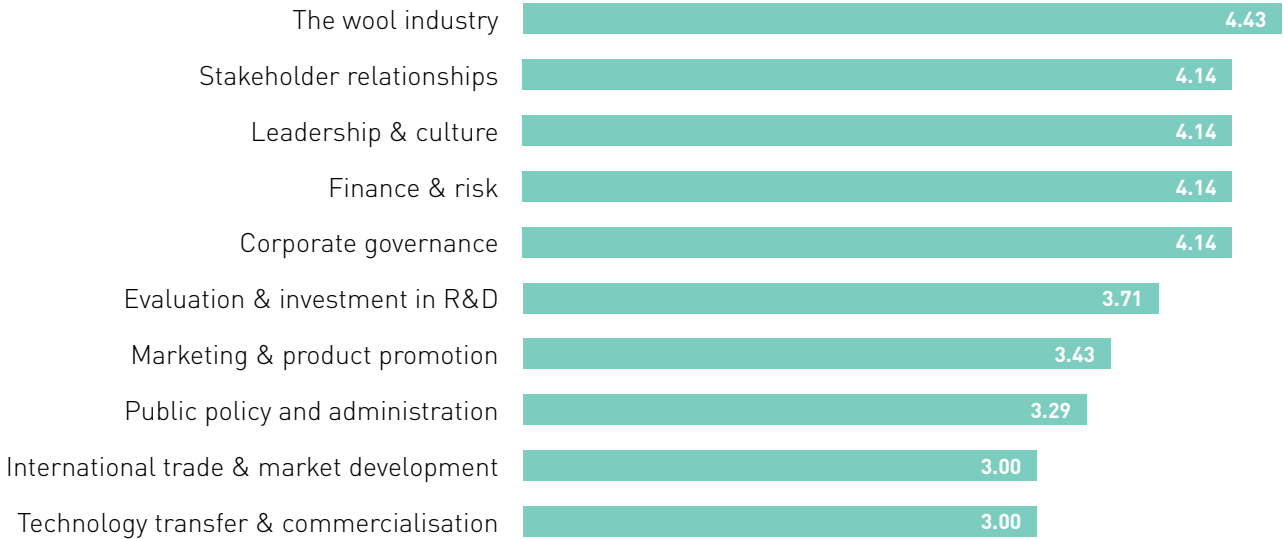
- A Chair independent of the wool industry and independent from AWI. The Chair is sourced after an executive search and selected by the Board Nomination Committee itself.
- Two independent non-executive Directors of the Company (other than the Chair of the Company).
- One representative of the wool industry 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
- Policy dealing with Equal Opportunity, Anti-Discrimination, Harassment, Victimisation and Bullying and Grievance Procedures
- Risk Management Appetite Statement
- Rules and Procedures Governing the Election of Directors
- Statutory Funding Agreement
- Whistleblower Policy.

2024 AWI Board Skills Matrix



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.

Board effectiveness

The 2024 annual review of Board performance found:

- The Board is discharging its duties effectively, providing the level of oversight required to protect the interests of AWI and its shareholders.
- Control systems are in place and working effectively to ensure legal compliance and protection of AWI against fraud and reputation risk.
- Risk management is a key strength. There is a systematic approach which is working well.
- There was a small decline in scores across the six performance categories assessed, (4%), essentially due to there being three new directors on the Board. All scores remain in the good practice band.
- The director changes had more of an impact in the Direction and Strategy where there was a 10% decline in the score. Viewed positively, this demonstrated evidence of fresh perspectives being brought to bear on the topic.

- Board Committees are effective in delivering the outcomes required.
- The Board has the collective skills and knowledge required to be able to fulfil its responsibilities.

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 2024 review included a self-assessment and external review of the currency of skills and experience for each director.

The above skills matrix shows the extent to which directors collectively possess the required skills. The review found that the collective knowledge, skills and experience of the AWI Board across the key skill categories is at a level, which will enable the Board to continue to fulfil its responsibilities. There are opportunities to enhance Directors' skills and knowledge in the lower ranked categories through director development initiatives within AWI and externally as appropriate.

Corporate governance statement 2024 (continued)

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.

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

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.

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. The sourcing guide, available in a series of hard copy booklets (pictured here) and online, is an important tool for the global textile industry.



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 nine segments.



Figure 1: 2023/24 Balanced Portfolio (Financials)

AWI Strategic Plan 2022-25

Since 1 July 2022, the company has been operating under a 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 2023/24 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.

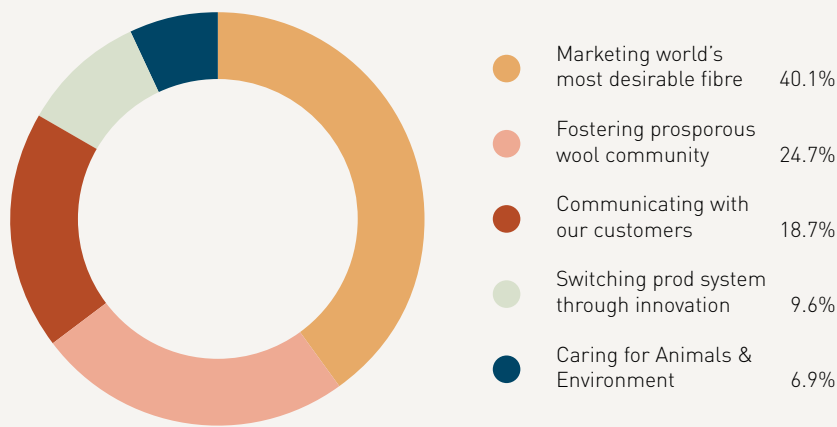
Strategic priorities



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 below shows the total expenditure (\$66.1m) against the five Wool 2030 pillars.



Sheep Sustainability Framework

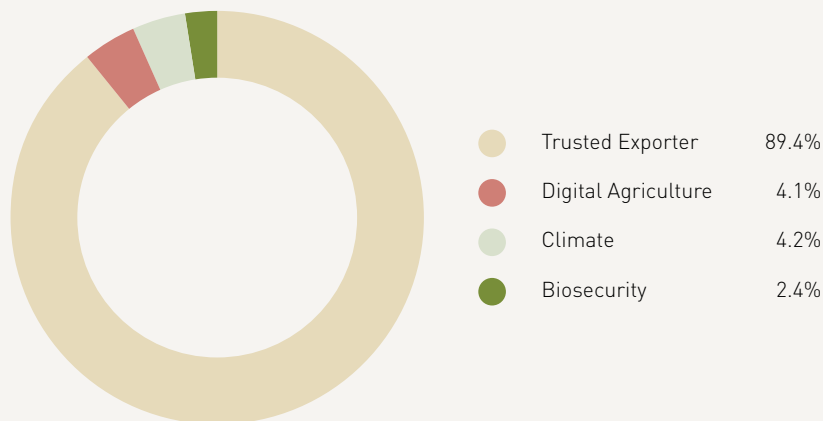
Launched in April 2021, the function of the Sheep Sustainability Framework (SSF) is to monitor, measure, and report industry performance against sustainability priorities. Data and trends gathered through the SSF will identify opportunities on-farm, in transport, processing, and at the customer interface where practices can be improved by both the industry and individuals. The chart below shows the total expenditure (\$66.1m) against the four pillars. To access the Framework, visit www.sheepsustainabilityframework.com.au



Australian Government's R&D priorities

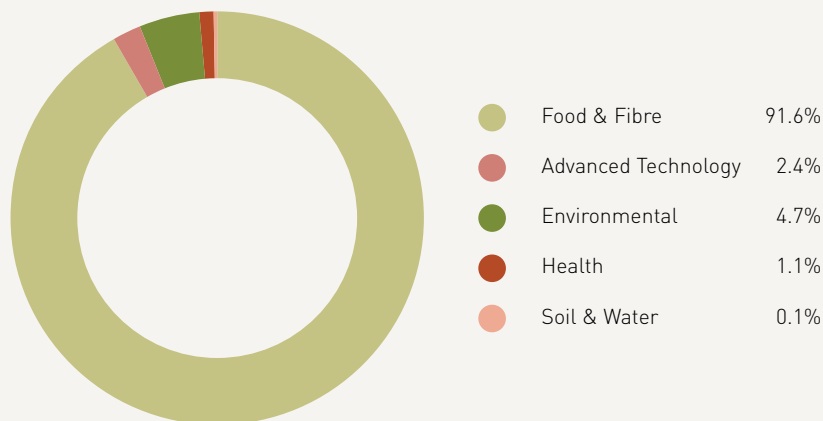
National Agriculture Innovation Priorities

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 (\$66.1m) 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 (\$66.1m) against the priorities.



Rural R&D Priorities

PRIORITIES	EXPENDITURE (\$'000)			
	R&D	Marketing	Other	Total
Advanced Technology	1,457	97	18	1,572
Environmental Change	2,955	182	-	3,137
Food & Fibre	23,958	36,301	334	60,593
Health	372	244	136	752
Soil and Water	86	-	-	86
TOTAL	28,828	36,824	488	66,140

Financial Report

2023-2024

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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 2024.

Directors

The following person was director of Australian Wool Innovation Limited during the whole of the financial year and up to the date of this report:

Mr J Laurie (Chairman)
Ms G Hack
Mr N Henderson (until 17 November 2023)
Dr M Humphries
Mr N Jackson (elected 17 November 2023)
Mr D Macdonald
Mr J Morgan (until 17 November 2023)
Mr G Millington (elected 17 November 2023)
Mr D A A Webster (until 17 November 2023)
Ms E Weston (elected 17 November 2023)

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.

Review of operations and results

	2024 \$'000	2023 \$'000
Revenue	63,089	65,210
Loss from continuing operations	(3,676)	(16,988)

Significant changes in the state of affairs

The company's drawdown on the company's reserves continued again this year, by \$4.3 million, primarily to promote the eco-credentials of wool in key markets and fund promising new research into biological wool harvesting. This drawdown was lower than the budgeted \$10.7 million drawdown, but the reserves are now at the lowest level for more than a decade.

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

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 and Gaza, however it currently seems likely that the economies of most of our main retail markets will remain relatively subdued during 2024/25. A number of matters are contributing to a downsizing of the clip: challenging seasonal conditions, a continued depressed market, and the Government decision to ban live exports. These issues could potentially negatively affect the company's revenue in 2024/25.

There has been no other matter or circumstance which has arisen since 30 June 2024 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.

The 2024/25 financial year is the last year that AWI will operate under the current three-year 2022/23 to 2024/25 Strategic Plan. AWI's next three-year Strategic Plan, effective from 1 July 2025, will be framed by the result of the WoolPoll 2024 vote, which is being held this year, as well as the broader financial challenges that the company and industry faces.

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 & Practice, GAICD.

Meetings of directors

The numbers of meetings of the company's board of director and of each board committee held during the year ended 30 June 2024, and the numbers of meetings attended by each director were:

Director	Meetings of committees									
	Full meetings of Directors		Audit & Risk		People & Culture		Research Development Education & Extension		Marketing & Product Innovation	
	A	B	A	B	A	B	A	B	A	B
Mr J Laurie	9	9*	8	8	7	7	9	9	8	8
Ms G Hack	9	9	–	–	7	7	–	–	8	8*
Mr N Henderson^	4	4	4	4	–	–	–	–	–	–
Dr M Humphries	9	9	4	4	–	–	9	9*	–	–
Mr N Jackson**	5	5	–	–	–	–	5	5	–	–
Mr D Macdonald	9	9	–	–	–	–	9	9	–	–
Mr J Morgan^	4	4	–	–	4	4	4	4	–	–
Mr G Millington**	5	5	4	4*	–	–	–	–	4	4
Mr D A A Webster^	4	4	4	4	–	–	4	4	4	4
Ms E Weston**	5	5	4	4	3	3*	–	–	–	–

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 2024. ^ = until 17 November 2023. ** = elected to the Board on the 17 November 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 22.

Dividends paid

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

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 41.

Environmental regulation

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

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.

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

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
4th September 2024

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 2024.

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

A handwritten signature in black ink, appearing to read 'S P James'.

S P James
Director
HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
4th September 2024

Financial Report – 30 June 2024

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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 25 to the financial report. The financial report is presented in Australian dollars.

Australian Wool Innovation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 24 York Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 38, which is not part of this financial report.

The consolidated financial statements were authorised for issue by the directors on 4th September 2024. The directors have the power to amend and reissue the consolidated 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 2024

	Notes	Consolidated	
		2024 \$'000	2023 \$'000
Revenue from continuing operations			
Operating revenue	3	59,197	62,582
Other revenue	3	3,892	2,628
		63,089	65,210
Other (loss)/ gain	4	(453)	63
Expenses			
Marketing		(29,595)	(41,850)
Sheep production		(12,334)	(14,005)
Industry development		(6,247)	(7,690)
Market analytics		(4,503)	(5,220)
Consultation		(3,954)	(4,067)
Support & administration		(9,507)	(9,378)
Loss before income tax		(3,504)	(16,937)
Income tax expense	7	(172)	(51)
Loss from continuing operations		(3,676)	(16,988)
Loss for the year		(3,676)	(16,988)
Other comprehensive income			
Exchange differences on translation of foreign operations		(69)	96
Total comprehensive loss for the year		(3,745)	(16,892)
Total comprehensive loss for the year is attributable to:			
Owners of Australian Wool Innovation Limited		(3,745)	(16,892)

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 2024

	Notes	Consolidated	
		2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	12,775	16,497
Other financial assets	9	59,700	62,259
Trade receivables	10	11,366	8,741
Other current assets	11	623	1,125
Total current assets		84,464	88,622
Non-current assets			
Property, plant and equipment	12	904	973
Right-of-use assets	12	4,898	5,081
Intangible assets	13	10,000	10,000
Other non-current assets	14	359	358
Total non-current assets		16,161	16,412
Total assets		100,625	105,034
LIABILITIES			
Current liabilities			
Trade and other payables	15	8,331	9,431
Lease liabilities	18	1,250	1,274
Deferred income	16	6,388	5,763
Total current liabilities		15,969	16,468
Non-current liabilities			
Lease liabilities	18	3,894	4,121
Provisions	17	702	640
Total non-current liabilities		4,596	4,761
Total liabilities		20,565	21,229
Net assets		80,060	83,805
EQUITY			
Contributed equity*	19	-	-
Reserves	20	1,165	1,234
Retained surplus	20	78,895	82,571
<i>Capital and reserves attributable to owners of Australian Wool Innovation Limited</i>		80,060	83,805
Total equity		80,060	83,805

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

*As at 30 June 2023 and 2024 contributed equity in the consolidated entity was \$100.

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Notes	Attributable to owners of Australian Wool Innovation Limited			Total equity \$'000
		Contributed Equity* \$'000	Reserves \$'000	Retained surplus \$'000	
Balance at 1 July 2022		–	1,138	99,559	100,697
Loss for the year	20	–	–	(16,988)	(16,988)
Other comprehensive income	20	–	96	–	96
Total comprehensive loss for the year		–	96	(16,988)	(16,892)
Balance at 30 June 2023		–	1,234	82,571	83,805
Balance at 1 July 2023		–	1,234	82,571	83,805
Loss for the year	20	–	–	(3,676)	(3,676)
Other comprehensive income	20	–	(69)	–	(69)
Total comprehensive loss for the year		–	(69)	(3,676)	(3,745)
Balance at 30 June 2024		–	1,165	78,895	80,060

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

*As at 30 June 2023 and 2024 contributed equity in the consolidated entity was \$100.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Notes	Consolidated	
		2024	2023
		\$'000	\$'000
Cash flows from operating activities			
Levy, license, government grant and other receipts (inclusive of GST)		62,333	68,481
Payments to suppliers and employees (inclusive of GST)		(70,100)	(84,012)
		(7,767)	(15,531)
Interest received		3,343	2,115
Income taxes paid	7	(172)	(51)
Lease interest paid		(258)	(294)
Net cash outflow from operating activities		(4,854)	(13,761)
Cash flows from investing activities			
Payments for property, plant and equipment		(180)	(633)
Redemption of financial assets		2,559	24,373
Proceeds from sale of property, plant and equipment		3	-
Net cash inflow from investing activities		2,382	23,740
Cash flows from financing activities			
Lease payments		(1,369)	(1,459)
Net cash outflow from financing activities		(1,369)	(1,459)
Net (decrease) increase in cash and cash equivalents		(3,841)	8,520
Cash and cash equivalents at the beginning of the financial year		16,497	8,013
Effects of exchange rate changes on cash and cash equivalents		119	(36)
Cash and cash equivalents at end of year	8	12,775	16,497

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

Notes to the consolidated financial statements

30 June 2024

1: Summary of material 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 material 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 consolidated 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

(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(f). 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.

(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.

Notes to the consolidated financial statements (continued)

30 June 2024

1: Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(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 2024 and the results of all subsidiaries for the year then ended.

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 consolidated 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) 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.

(f) 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).

(g) 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.

(h) 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.

Notes to the consolidated financial statements (continued)

30 June 2024

1: Summary of significant accounting policies (continued)

(h) Other financial assets (continued)

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.

(i) 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 (f)).

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

- 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.

(j) 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(f).

(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.

(k) 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.

(l) 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.

(m) 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 consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

(n) Parent entity financial information

The financial information for the parent entity, Australian Wool Innovation Limited, disclosed in note 28 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.

Notes to the consolidated financial statements (continued)

30 June 2024

2: Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

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.

(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, and AA-. A maximum of 35% of funds can be invested in any individual financial institution.

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	
	2024 \$'000	2023 \$'000
From continuing operations		
<i>Operating revenue</i>		
Wool levy	36,491	40,412
Government contribution	15,414	14,988
License fees	5,612	5,120
Royalties	1,223	1,630
Voluntary contributions	242	275
Sale of goods and services	140	115
Other	75	42
	59,197	62,582
<i>Other revenue</i>		
Interest revenue calculated using the effective interest method	3,475	2,509
Rental and sub-lease rental income	417	119
	3,892	2,628
	63,089	65,210

4: Other (loss)/gain

	Consolidated	
	2024 \$'000	2023 \$'000
Net foreign exchange (loss)/gain	(453)	63

Notes to the consolidated financial statements (continued)

30 June 2024

5: Expenses

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Depreciation and amortisation</i>		
Buildings	11	3
Plant and equipment	171	240
Leasehold improvements	80	38
Right-of-use assets	1,476	1,648
Website development	–	561
Total depreciation and amortisation	1,738	2,490
Superannuation expense	1,724	1,651

6: Research, development and marketing expenditure

	Consolidated	
	2024 \$'000	2023 \$'000
Marketing	29,595	41,850
Sheep production	12,334	14,005
Industry development	6,247	7,690
Market analytics	4,503	5,220
Consultation	3,954	4,067
Support & administration	9,507	9,378
Total RDM expenditure	66,140	82,210

7: Income tax expense

	Consolidated	
	2024 \$'000	2023 \$'000
(a) Income tax expense		
Current tax on profits for the year	172	51
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(3,504)	(16,937)
Tax at the Australian tax rate of 30% (2023 - 30%)	(1,051)	(5,081)
Non-taxable income, tax losses and temporary differences not brought to account	1,215	5,148
Differences in overseas tax rates	(53)	(11)
Adjustments for current tax of prior periods	61	(5)
Income tax expense	172	51

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	
	2024 \$'000	2023 \$'000
Cash at bank and in hand	12,775	16,497

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

Notes to the consolidated financial statements (continued)

30 June 2024

9: Current assets – Other financial assets

	Consolidated	
	2024 \$'000	2023 \$'000
Term deposits	59,700	62,259
Cash and cash equivalents (note 8) and other financial assets are represented as follows:		
Unrestricted	1,708	5,831
Restricted as security against guarantees issued by the company's bankers (a)	2,579	2,586
Forward contract commitments (b)	21,404	21,025
Operating funds (c)	18,509	19,314
Emergency funds (d)	5,000	5,000
Innovation funds (e)	23,275	25,000
	72,475	78,756

(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. For the sake of completeness these now form part of the Operating funds (c) below, the comparisons for the prior year have been restated to ensure consistency.

(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 an innovation reserve to have funds available to exploit opportunities outside the normal strategic plan.

10: Current assets – Trade and other receivables

	Consolidated	
	2024 \$'000	2023 \$'000
Net trade receivables		
Trade receivables	2,546	2,939
	2,546	2,939
Net other receivables		
Commonwealth matching funds and wool levy accruals	6,595	3,383
Other receivables	2,225	2,419
	8,820	5,802
	11,366	8,741

11: Other current assets

	Consolidated	
	2024 \$'000	2023 \$'000
Insurance prepayments	72	86
Other prepayments	523	657
Sublease	–	123
Lease deposits	28	259
	623	1,125

Notes to the consolidated financial statements (continued)

30 June 2024

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 2022					
Cost or fair value	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 or fair value	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
Year ended 30 June 2024					
Opening net book amount	552	272	149	5,081	6,054
Exchange differences	–	–	3	3	6
Revaluation surplus	–	(2)	(4)	(39)	(45)
Additions	–	100	97	1,769	1,966
Disposals	–	(1)	–	(440)	(441)
Depreciation charge	(11)	(171)	(80)	(1,476)	(1,738)
Closing net book amount	541	198	165	4,898	5,802
At 30 June 2024					
Cost	1,066	3,154	2,077	7,910	14,207
Accumulated depreciation	(525)	(2,956)	(1,912)	(3,012)	(8,405)
Net book amount	541	198	165	4,898	5,802

13: Non-current assets - Intangible assets

	Certification trademarks \$'000	Website development costs \$'000	Total \$'000
At 1 July 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
Accumulation amortisation and impairment	–	(2,246)	(2,246)
Net book amount	10,000	–	10,000
Year Ended 30 June 2024			
Opening net book amount	10,000	–	10,000
Closing net book amount	10,000	–	10,000
At 30 June 2024			
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.

Notes to the consolidated financial statements (continued)

30 June 2024

14: Non-current assets – Other assets

	Consolidated	
	2024 \$'000	2023 \$'000
Lease deposits	359	358

15: Current liabilities – Trade and other payables

	Consolidated	
	2024 \$'000	2023 \$'000
Trade payables	1,748	2,802
Other payables	5,268	5,066
Project payables and accruals	1,315	1,563
	8,331	9,431

16: Current liabilities – Deferred income

	Consolidated	
	2024 \$'000	2023 \$'000
Unearned license income	5,652	5,632
Unearned sub-lease income	120	33
Unearned other income	616	98
	6,388	5,763

17: Non-current liabilities – Provisions

	Consolidated	
	2024 \$'000	2023 \$'000
Long service leave	343	281
Lease make good	359	359
	702	640

18: Leases

	Consolidated	
	2024 \$'000	2023 \$'000
Lease liabilities		
Current	1,250	1,274
Non-current	3,894	4,121
	5,144	5,395

Future lease payments are due as follows:

Within one year	1,441	1,504
One to five years	4,078	3,539
More than five years	247	1,123
	5,766	6,166

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

Interest expense	258	294
Expense relating to short-term leases	36	102
Expense relating to leases of low-value assets that are not shown above as short-term leases	69	75

The total cash outflow for leases in 2024 was \$1,632,543

Notes to the consolidated financial statements (continued)

30 June 2024

19: Contributed equity

(a) Share capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
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

<i>Details</i>	30 June 2024	30 June 2023
Australian Capital Territory	53	59
New South Wales	6,469	6,778
Northern Territory	3	3
Queensland	386	424
South Australia	2,938	3,038
Tasmania	536	568
Victoria	4,146	4,312
Western Australia	2,833	2,944
	17,364	18,126

20: Other reserves and retained surplus

	Consolidated	
	2024 \$'000	2023 \$'000
(a) Other reserves		
Foreign currency translation	1,165	1,234
Movements:		
Foreign currency translation		
Balance 1 July	1,234	1,138
Currency translation differences arising during the year	(69)	96
Balance 30 June	1,165	1,234

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.

	Consolidated	
	2024 \$'000	2023 \$'000
(b) Retained surplus		
Retained surplus at the beginning of the financial year	82,571	99,559
Net deficit attributable to the owners of Australian Wool Innovation Limited	(3,676)	(16,988)
Retained surplus at the end of the financial year	78,895	82,571

Notes to the consolidated financial statements (continued)

30 June 2024

21: Key management personnel disclosures

	Consolidated	
	2024 \$	2023 \$
(a) Key management personnel remuneration		
Non-executive directors		
Short-term employee benefits	679,993	662,914
Post-employment benefits	74,798	69,606
	754,791	732,520
Other key management personnel		
Short-term employee benefits	2,937,120	2,871,481
Post-employment benefits	320,515	287,074
Termination benefits	479,531	-
	3,737,166	3,158,555

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

2024 Name	Short-term employee benefits		Post- employment benefits	Total \$
	Directors' base fees paid \$	Committee fees paid \$	Superannuation \$	
Mr J Laurie	151,106	23,505	19,207	193,818
Ms G Hack	67,158	20,673	9,661	97,492
Mr N Henderson	27,983	3,498	3,463	34,944
Dr M Humphries	67,158	17,478	9,310	93,946
Mr N Jackson	41,568	3,521	4,960	50,049
Mr D Macdonald	67,158	8,395	8,311	83,864
Mr G Millington	41,568	12,198	5,914	59,680
Mr J Morgan	27,983	7,375	3,889	39,247
Mr D A A Webster	27,983	12,811	4,487	45,281
Ms E Weston	41,568	9,306	5,596	56,470
Total	561,233	118,760	74,798	754,791

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

Notes to the consolidated financial statements (continued)

30 June 2024

21: 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 (until 30 September 2024)
Ms L Meadley	Company Secretary & General Counsel
Ms L Armstrong	General Manager – Marketing Communications
Ms J Davies	General Manager – Industry Development
Ms D Giorgiutti	General Manager – Human Resources
Ms B Peachey	General Manager – Research
Mr J Reed	General Manager – Digital and IT
Mr K Wilde	General Manager – Consultation and Engagement

22: 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	
	2024	2023
	\$	\$
(a) Audit services		
Audit fees – domestic – HLB Mann Judd	107,563	104,967
Audit fees – international – HLB Mann Judd affiliates	100,568	98,966
Audit fees – international – Non HLB Mann Judd	10,956	10,998
Total remuneration for audit and other assurance services	219,087	214,931
(b) Non-audit services		
Tax compliance – HLB Mann Judd	44,410	46,000
Tax compliance – HLB Mann Judd affiliates	6,861	6,285
Total remuneration of non-audit services	51,271	52,285
Total remuneration	270,358	267,216

23: Commitments

(i) Research, development and marketing

	Consolidated	
	2024 \$'000	2023 \$'000
Commitments payable in relation to research, development and marketing	21,404	21,025

(ii) Forward exchange contracts

	Consolidated	
	2024 \$'000	2023 \$'000
Commitments payable in relation to forward exchange contracts	9,517	13,760

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

24: 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, N Jackson, J Laurie, D Macdonald, G Millington, J Morgan, D A A Webster and E Weston.

(c) Subsidiaries

Interests in subsidiaries are set out in note 25.

(d) Remuneration

Disclosures relating to directors and key management personnel remuneration are set out in note 21.

(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 2024.

Notes to the consolidated financial statements (continued)

30 June 2024

24: Related party transactions (continued)

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

(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 2024.

(f) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2024	2023
	\$	\$
<i>Sale of goods and services</i>		
Sale of services relating to marketing and wool testing activities to key management personnel of the entity*	15,120	14,857
<i>Purchases of goods</i>		
Purchase of goods and services relating to marketing and wool testing activities from key management personnel of the entity*	185,674	283,399

*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	
	2024	2023
	\$	\$
Current payables (purchase of goods)		
Key management personnel of the entity	23,101	2,407

25: Controlled entities

The consolidated 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	
			2024 %	2023 %
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 Limited	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

26: 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 consolidated financial statements (continued)

30 June 2024

27: 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 and Gaza, however it currently seems likely that the economies of most of our main retail markets will remain relatively subdued during 2024/25. A number of matters are contributing to downsizing of the clip; challenging seasonal conditions, a continued depressed market and the government decision to ban live exports. These issues could potentially negatively affect the company's revenue in 2024/25.

There has been no other matter or circumstance which has arisen since 30 June 2024 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.

28: Parent entity financial information

(a) Summary financial information

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

	2024 \$'000	2023 \$'000
Loss for the year	(6,140)	(18,758)
Total comprehensive loss	(6,140)	(18,758)
Statement of financial position		
Current assets	76,086	79,826
Non-current assets	49,295	52,594
Total assets	125,381	132,420
Current liabilities	5,885	6,546
Non-current liabilities	3,612	3,850
Total liabilities	9,497	10,396
Net assets	115,884	122,024
<i>Shareholders' equity</i>		
Loss for the year	(6,140)	(18,758)
Retained earnings	122,024	140,782
	115,884	122,024

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

Australian Wool Innovation Limited Directors' declaration

30 June 2024

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 42 to 70 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 2024 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)
Sydney
4th September 2024

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



REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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 2024, 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 material accounting policies, and director's 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:

1. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
2. complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 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 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 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 2024, 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 Those Charged with Governance 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.

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:

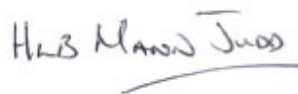
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 those charged with governance 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



S P James
Director

Sydney, NSW
4 September 2024

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 2023/24 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 2024.

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 2023 to 30 June 2024.

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 2023 to 30 June 2024.

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 2023 to 30 June 2024.

Inherent Limitations

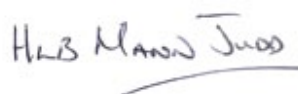
Because of the inherent limitations of any internal control framework, it is possible that fraud, error or non compliance may occur and not be detected.

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 2023 to 30 June 2024.



HLB Mann Judd Assurance
(NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
4 September 2024



S P James
Director

A photograph of three women walking through a lush garden with palm trees under a clear blue sky. The woman on the left is wearing a bright red coat and matching pants, holding the hand of the woman in the middle. The woman in the middle is wearing a tan coat and matching pants. The woman on the right is wearing a grey coat and matching pants, also holding the hand of the woman in the middle. They are all smiling and appear to be enjoying their walk.

TOGETHER FOR 60 YEARS

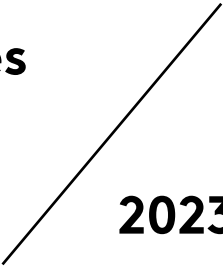
SPORTSCRAFT



WOOLMARK

In recognition of a successful partnership spanning 60 years, leading Australian fashion brand Sportscraft partnered with The Woolmark Company to launch a large collection of Woolmark-certified garments for autumn/winter 2024.

Appendices



2023-2024

78	Project list 2023/24
82	Performance principles
84	Performance against Annual Operating Plan targets

Project list 2023/24

This list contains details of AWI projects in which costs incurred during 2023/24 totalled \$100,000 or more 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 2023/24
Australian Pastures Genebank – Phase 3	SARDI – Shared Services SA	179,120
Bioharvesting Demonstrations and Wool Harvesting	Australian Public Address; Australian Wool Testing Authority; Brooke & Mackenzie Pty Ltd; Coach House Hotel Motel; Deniliquin Party Hire; Department of Primary Industries; St Patrick's School Katanning	149,928
Farming for the Future II	Macdoch Foundation Limited	150,000
Flystrike Extension Delivery 2023-26	Beattie Consulting Services; Clutch Digital; Hot Tin Roof Family Trust; Makin Outcomes; Premium Fulfilment Services Pty Ltd; Rawson Print Co Pty Ltd; Schuster Consulting Group; Special T Print NSW Pty Ltd	228,510
Genetics Analysis of Data	Farming Systems Analysis Service; University of New England	395,765
Informed Modelling of Sheep Blowfly Chemical Resistance	Department of Regional NSW – Primary Industries; University of Tasmania	223,900
Lifetime Ewe Management (LTEM) 9 2022-26	Achieve Ag Solutions Pty Ltd; Rural Industries Skill Training; The Trustee A & B Thompson Family Trust	221,012
Lifetime Productivity (AMSEA) Project	Australian Merino Sire Evaluation; MerinoLink Limited; Rydges Sydney Airport	327,798
Measures for Environmental Performance	Macdoch Foundation Limited	196,000
Merino Genomic Reference Flock 2023-25	Farming Systems Analysis Service; University of New England	165,000
Mitigating Methane with Asparagopsis	University of New England	250,000
MLPAO Improving the Economic Evaluation of the MLP Project	Murdoch University	214,230
Moving to a Non-mulesed Enterprise	Schuster Consulting Group	122,328
Next Generation Wool Harvesting	The University of Adelaide	703,179
Novel Semiochemical Approach to Control Sheep Blowfly	Deakin University	100,000
ParaBoss Phase III	Brown Besier Parasitology Pty Ltd; Meat & Livestock Australia; The University of Queensland	101,505
Prediction of AI Success & Semen Standards	The University of Sydney	129,971
Regional Youth Skills Program	Bralca 2.0 Pty Ltd; Lachlan Anthony West	152,447
Shearer and Wool Handler Training Program	Advanced Lifestyle Training; Amanda Davis; Benjamin Deane Frewen; Brian Anthony Sullivan; Daniel McIntyre; Elliot Learmonth; Grant Oliver Lester; Hairza Pty Ltd; Harriet Ryan Creative Consultant; Heiniger Australia Pty Ltd; Ian Elkins; Janice Louise Behsmann; K.L Armour & M.R Newton; Kevin Gellatly; Lachlan Anthony West; Michael Pora; MW and RM King; Paul Hick; Penny Clout; Px2 Pty Ltd; Richard Leahy; Rural Industries Skill Training; SCAA Shearer Woolhandler Training Inc; Shire of Boyup Brook; Shireen Monds; Wayne Duncan Hosie	2,821,211
South Australia Wild Dog Control Coordinator – Stage III	Department of Primary Industries and Regions	135,000
Sterile Insect Technique for Sheep Blowfly Control	SARDI – Shared Services SA	100,000
Sustainability Reporting for Wool – Uplift Grant	Australian Meat Processor Corp	125,000
Wool Harvesting Competitions, Communications and Promotion	Australian National Shearing (West); Australian National Shearing (West Australian Division) Association Inc; Cattleman's Country Motor Inn; Cockatoo Colab Pty Ltd; G & N Atkinson Pty Ltd; Growing Positive Solutions Pty Ltd; Premium Fulfilment Services Pty Ltd; SCAA Shearer Woolhandler Training; Sports Shear Australia Association; Sports Shear Australia Queensland Inc; Sports Shear Australia Victoria; Sports Shear Tasmania Inc; Sportshear Australia (NSW) Inc	451,604

CONSULTATION PROJECTS

Project title	Key providers*	\$ paid in 2023/24
AWI Extension TAS 2022-25	James Russell Tyson	153,526
AWI Extension NSW 2022-25	Megan Rogers Consulting Pty Ltd	229,511
AWI Extension WA 2023-26	Nextgen AGRI Limited; The Livestock Collective	180,000
AWI Extension VIC 2023-26	Department of Energy, Environment and Climate Action	190,000
AWI Extension SA 2023-26	Department of Primary Industries and Regions – PIRSA	180,000
Beyond the Bale 2023-24	Newstyle Printing Co Pty Ltd; Pulse Media Sales Pty Ltd; D&D Mailing Services	161,353
IWTO Conference Australia 2024	Cosmon Textile Technology Co Ltd; Dormeuil Freres SAS, Wool Industries Australia Inc	111,762
Leading Sheep 2022-25	Department of Agriculture & Fisheries – Agri-Science Queensland	160,000
Major Shows and Industry Events	Exponet Exhibition & Event Services; Harry the Hirer, HeyYa TV; Meridian Agriculture Pty Ltd; Nanjing Wool Market; Premium Fulfilment Services Pty Ltd; The Royal Agricultural Society of Western Australia Inc	101,308
National Regional Engagement	Australian Sheep Breeders; Barcoo Pastoral Society; Cousins Merino Services; Display Systems Australia; Great Southern Merino Sheepbreeders; Midland Agricultural Association Inc; Stirlings to Coast Farmers Inc	107,345
WICP and WCG 2024	Forest Hill Consulting; ISPT Pty Ltd; Meeting into Minutes Pty Ltd; Nicholas.J Turner & Olivia.J Turner	129,589
WoolPoll 2024	David Young; Kildara Pastoral Company; Lambex Aus-tralia; Link Market Services Ltd; Meeting into Minutes Pty Ltd; Meltwater Australia Pty Limited; Redhanded Creative Pty Ltd	180,520

INDUSTRY DEVELOPMENT PROJECTS

Project title	Key providers*	\$ paid in 2023/24
Carbon Storage Partnership – Biodiversity	University of Tasmania	115,076
Emerging Markets 2023-24	Azeezur Rahman Khan; Empathy Talent Lda; Jorge Ramon Plata Castellanos; Juan Carlos Aragon Vallenias; Maria Dolores dos Santos Gouveia; Marketo Services – Bangladesh; Md Rezuwanul Islam; Tang Hiu Ting; Textile Focus; We Are Social Pty Ltd; Worldex India Exhibition & Promotion; Zhejiang Xinao Textiles Inc	252,601
Lower Emission Supplements for Grazing at Scale	University of New England	200,000
Technical Transfer 2023/24	Baker & Mckenzie; Ctrip.com Computer Technology (Shanghai); FB International Inc, Grubig Trading Co Ltd; Nesatex SLR: Richard Goodstein Inc; Skorpion Travel SPA; Steven Brender	132,899
The Wool Lab 2023/24	Riccardo Rami Studio SRL; Torrissi Mattia	679,997
Trade Extension Engagement 2023/24	Auto Transport Services; Coop2service Soc Coop; Creative Bulls; Ctrip.com Computer Technology (Shanghai); Design & Development GmbH Textile; Fiera Milano SPA; G. Schneider SPA; Getty Images Sales Australia Pty Ltd; Global Apparel Partners, Inc; Hotel Les Deux Gares; Japan Fashion Week Organization; Josse & Prache SAS; Kofoti; Krypton Inc, Marco Martini & C SAS; Messe Frankfurt Medien & Service; Messe Munchen GmbH; Messe-Design Scheeser+Bartley GmbH; Outdoor Sports Valley; Pitti Immagine SRL; Premiere Vision SA; Reed Exhibitions, S.i.tex SPA; Tecoya Infotech	590,243
Wool LCA Technical Advisory Group Chair	Integrity Ag Pty Ltd	148,958

Project list 2023/24 (continued)

MARKETING PROJECTS

Project title	Key providers*	\$ paid in 2023/24
Americas Strategic Business Development	Shisakuni	100,386
Arena SS 2024 Beachwear Collection	Arena SPA	124,523
Benetton- Never Ending Wool – 50th	Benetton Group SLR	328,783
China Consumer Campaign AW 2023	Beijing Zhongsheng Lijia Culture; Ctrip.com Computer Technology (Shanghai); Feng Mao Trading (Shanghai) Ltd Com; Ipsos (China) Consulting Co Ltd; Kantar China Limited Guangzhou Bran; Shanghai Allmind Marketing Planning; Shanghai Dongcheng Cultural; Shanghai Erxiangbo Network Technology; Shanghai Fastracker car Leasing Co; Shanghai Junjie Printing Co Ltd; Shanghai Wednesday Creative; Sonder (Guangzhou) Brand Management; Unlisted Artists Pty Ltd; Wuxi Deland Textile Co Ltd; Ying Zhi Advertising (Shanghai) Co Ltd	4,132,325
China Social Media 2023-24	Ying Zhi Advertising (Shanghai) Co Ltd	291,355
China Strategic Development AW 2023	Mother Shanghai Ltd	349,523
Eco Consumer Campaign Phase Two: Strategy, Production and Media	Alexander Sasu; Au Gre du Vent; Brut; Conde Nast Verlag GmbH; Craft Media London Ltd; Curiously Conscious Ltd; DVJ Insights UK; Eco Age Limited; Edizioni Conde Nast SPA; Emma Slade Edmondson; eSubstance Ltd; G. Schneider SPA; Gleam Futures; Inter-sectional Environmentalist; Les Bords de Mer; Park Village Ltd; PMG Worldwide LLC; Protein One Pty Limited; Scott Staniland; The Digital Fairy Limited; Two West Entertainment Management Inc; Vanessa Francois; We Are Social Pty Ltd	4,444,114
EU Communications Support	Brunswick Group Advisory Limited; Brunswick Group Limited SLR; Ecoeff Lab	315,220
Global Social Media 2023/24	ADA Media Consulting Limited; Andrea Cheong; Aspire Agri Pty Ltd; Bahram Yaradangulyev; Creative Ally Limited; Getty Images Sales Australia Pty Ltd; Julian Welch Carter; Manuscript; Meta Platforms Ireland Limited; We Are Social Pty Ltd	172,049
Gondola Station 2023/24 and 2024/25	Comune Di Venezia; Società Al Duca D'Aosta SPA	225,954
Huckleberry – 72 Hours in Merino	Huckleberry Inc	336,324
Hudson's Bay Partnership AW 2023	General Admission Art LLC; Hudson's Bay Company ULC; KRW Consulting, Inc	592,003
International Fibre Advocacy	R. Peter Ackroyd Ltd	184,305
Italian Industry Strategic Planning	Fabrizio Servente	293,042
Luna Rossa Prada Pirelli – AC 2024	A. Manzoni & C SPA; Cairorcs Media SPA; Classpi SPA; Edizioni Conde Nast SPA; Equipo Singular SL; Guillem Laporta Hoyos; Il Sole 24 Ore SPA; Lo Scoglio di A.Manconi SAS; Luna Rossa Challenge SRL; Mediamond SPA; Meta Platforms Ireland Limited; Prada SPA; We Are Social Ltd	1,631,089
Luna Rossa Prada Pirelli x Wool Performance Challenge	Amano Munchen GmbH; Bruniera Chauffeur SRL; Master Engraving; Matthias Garvelmann Fotografie; Pro-fessional Institute of International Fashion; Semi Permanent Pty Ltd	167,416
Media Monitoring 2023-24	Cision US Inc; Tribe Dynamics LLC	111,976
Mother Earth	New World Distribution Inc	100,524
Musinsa E-commerce Partnership AW 2023	Musinsa Co Ltd	200,000
Nissan Marketing Campaign	BrutExtreme Luxe SAS; Influence SAS; Meta Platforms Ireland Limited; We Are Social Ltd	189,532
PR Agencies 2023/24	Beretta Silvia; Fashion Industry Broadcast P/L; Keep Agency Limited; La Bursch SRL; NAC Group Pty Ltd; Serena Schellino; Shanghai CatchOn & Company Limited; Shine Internet Pvt Ltd; Stephen Toal Ltd	479,218
Rakuten Fashion AW 2023	Amana Inc; Kiyono Inc; Meta Platforms Ireland Limited; Rakuten Group Inc	404,871
Saks Fifth Avenue Partnership AW 2023	Saks.com LLC	462,817
Salomon Sportstyle	Allegria SAS; Hyld Studio; Meta Platforms Ireland Limited; Reddit Inc; We Are Social Pty Ltd	132,567
Sportscraft AW 2024	APG & Co Pty Ltd	100,000
Trade Marketing 2023/24	Art Partner Inc; Chez Voltaire; G. Schneider SPA; Inter France Lutece Courses; International Trade Publica-tions; Liz Ham Photography; Manuscript; Never Sit Still Pty Limited; Pauline Demirjian Makeup Artist; Pinterest Europe Limited; Priscilla's Model Management Pty; We Are Social Pty Ltd	127,460

MARKET ANALYTICS PROJECTS

Project title	Key providers*	\$ paid in 2023/24
Global Subscriptions – Data and Information	Statista Australia Pty Ltd; Statista GmbH; WGSN Ltd; Wood Mackenzie Limited; World Textile Information Network Limited	160,105
Pollination Scoping Studies	Pollination Capital Partners Pty Ltd	260,000
Trade and Supply Chain	DRG Strategic Solutions Pty Ltd; Scott Daniel Carmody	265,116
Woolmark Source AWTH Development Phase	Evolution Recruitment Solutions Pty Ltd	219,113
Woolmark Source Business Development	Gregory R Hill (NSW) Pty Ltd; Microsoft Pty Ltd	107,477
Woolmark Source Platform Development	Evolution Recruitment Solutions Pty Ltd	343,990

SUPPORT ADMINISTRATION COSTS

Project title	Key providers*	\$ paid in 2023/24
Digital Infrastructure – Episerver	Optimizely North America Inc	228,056
Digital Infrastructure – Support	Edward Surjadi; Evolution Recruitment Solutions Pty Ltd	256,957
Domo 2023-26	Domo Inc	112,890
Sheep Sustainability Framework	Meat & Livestock Australia	100,000

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 2022-25 Strategic Plan has been developed in consultation with key stakeholders. The 2023/24 Annual Operating Plan is aligned to the current 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. 	1.2 Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.	299 events and meetings attended. 4 WICP and 2 WCG meetings.
	<ul style="list-style-type: none"> 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. 	1.3 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 financial year, AWI received a total of 228 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 17,000 active participants in the AWI Extension Networks. 4,935 novice and intermediate level participants trained by AWI shearer and wool handler trainers. 300+ levy payers participate in LTEM training annually.
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.	148 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 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 81 partners across the supply chain. AWI collaborated with 9 RDCs on 7 projects with 26 partner collaborations across these projects.

Principles	Outcome	Key Performance Indicators	Progress against KPI
Governance	<p>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.</p> <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. 	4.1 Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.	<p>ANAO audit was completed and report published on wool.com.</p> <p>All planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.</p>
		4.2 Demonstrated management of financial and non-financial risk.	Risk is captured at strategic, program, operational, project level.
		4.3 Relevant policies and procedures adopted and implemented (e.g., privacy etc).	<ul style="list-style-type: none"> • A compliance training module for Respect@Work was rolled out to all Australia based employees with a completion rate of 97.3%. • Culture Trainings – 96.5% of global employees trained in WHS, Antbullying and Harassment, Discrimination. • During the year, 98.6% of our employees across the group were trained on our Respect@Work Training. • During the year, 97% 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).	AWI expanded its in-house security testing capabilities while also utilising independent IT security firm, ZENQ, for penetration testing on the Australian Wool Traceability Hub. Additionally, AWI implemented comprehensive reporting across all systems to provide real-time notifications of security risks and high workloads.
Monitoring and Evaluation	Demonstrate positive outcomes and delivery of RD&E [and marketing] benefits to Levy Payers and the Australian community in general, and continuous improvement in governance and administrative efficiency.	5.1 Impact (cost – benefit) assessment of a broad cross-section of RD&E [and marketing] investments undertaken annually.	<p>The following projects have been evaluated through conducting BCAs.</p> <ol style="list-style-type: none"> 1. Wild Dog Control Initiatives 2. Luna Rossa Prada Pirelli 3. Nissan Formula-e 4. Shearer and Wool Handler Training Program

Performance against annual plan targets

The table below shows the status of the programs under each portfolio. As at the end of the financial year, most programs have achieved their target and some have not due to challenges faced during implementation of the program.

- Achieved
- Partly achieved and/or were impacted by seasonal conditions
- Not achieved

SHEEP PRODUCTION				
Program	Investment Focus	Target	Status	Commentary
HEALTHY PRODUCTIVE SHEEP	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	25 woolgrower extension events held in flystrike management and moving to a non-mulesed enterprise	●	12 workshops were held during the period. However, due to on-going dry conditions, on ground, demand for flystrike workshops continued to be weak, leading to postponement or cancellation of the remaining planned extension events.
		Growers that participate in workshops report: a. 70% increased awareness of tools to manage flystrike b. 80% increased confidence to make changes to the way they manage flystrike c. 80% increased confidence in managing flystrike without mulesing	●	Survey results from woolgrowers that attended StrateFly pilot workshops reported 94% confidence to move to a non-mulesed enterprise.
		15 advisors trained to assist growers to move to a non-mulesed enterprise	●	Unfortunately, advisor training in moving to a non-mulesed enterprise was postponed until July – September 2024, due to compounding delays with the implementation of the flystrike extension program.
	Commission projects in flystrike management tools targeting the viability of the fly	Sterile Insect Technique co-funded project scoped and resourced	●	New projects contracted and initiated within this period: <ul style="list-style-type: none"> – Novel Targets against Flystrike to investigate sheep blowfly genes involved in parasitism in order to identify new targets for flystrike control. – Nanotechnology and Tea Tree Oil (TTO) to develop an eco-friendly biopesticide using nano-encapsulated TTO.
	Support for co-ordination of a national wild dog program	Continue support for the National Wild Dog Management Co-ordinator project	●	National Wild Dog (NWD) Management Coordinator position contracted (co-funded) and active to 2026/27. NWD Action Plan Implementation Manager contract renewed, and Communications Manager services (company) engaged, funded by a Federal grant.
	Increase knowledge and tools available to growers to assist them in choosing feedbase options suited to their region and production system	Tools made available to growers to assist them in choosing pasture species suited to their region and production system	●	Tools and content to assist woolgrowers in choosing pasture species suited to their region and production system have been developed, for publication in the updated Pasture Picker website. However, the updated website was not completed for launching in time to be reported under this target.
		Improve the understanding on the use of hard-seeded legumes in low rainfall environments to give woolgrowers greater options to manage a variable climate	●	8 factsheets have been developed. However, further revisions to them are required before publication.
		Improve understanding of the productivity and management of saltbush shrubs	●	AWI, MLA and CSIRO have developed a grower-focused guide on 'Optimising establishment and utilisation of saltbush-based forage systems'. The guide details the benefits of shrub systems, particularly in filling feed gaps, describes how to design a shrub system and ensure successful establishment and outlines sheep nutrition considerations. It will be released for saltbush field walks that CSIRO are conducting in Hay and Tubbul in August.

SHEEP PRODUCTION

Program	Investment Focus	Target	Status	Commentary
HEALTHY PRODUCTIVE SHEEP	Increase knowledge and tools available to growers to assist them in choosing feedbase options suited to their region and production system	Aim towards increasing national weaning rate by 5 percentage points from 2020 to 2030. This equates to an increase of 0.5 percentage points per year	●	Using the most recent complete drop data, there has been an increase in the weaning rate of 2.2 percentage points from the 2020 drop (10.02%) to the 2022 drop (12.26%) which is greater than the annual target of 0.5 percentage points. This is using the most recent MERINOSELECT (MLA) data analysis enhancements. There has been a noticeable improvement in the rate of gain in the Weaning Rate trait since its introduction in 2018, use of genomics in the analysis, growth of MLP reproduction data in the Merino reference flock and large increase in the adoption of genomics by MERINOSELECT users with over half of the recorded 2022 drop animals having a genotype measurement.
	Increase grower understanding and adoption of best practice management for reproduction efficiency	Collate and update information on management strategies for lamb survival	●	Further delays by the researchers to the Prioritising Lamb Survival Interventions project resulted in the removal of the final milestone, which included the development of extension materials. Instead, AWI will pull key messages and results from the final report in the latter half of 2024 and package them into extension materials that include a cost-benefit analysis.
		An increase of at least 3 index points for the MP+ index between last two fully recorded drops as at June 30th 2023, as reported by MERINOSELECT.	●	The last reported MP+ index for fully recorded drops from MERINOSELECT members shows the 2020 drop MP+ at 148.95 and 2021 drop at 152.20, an increase of 3.25 index points. In May 2024 MERINOSELECT updated its analysis methodology and created new indexes. It no longer reports on the MP+ index. The scale of the 4 new MERINOSELECT indexes has changed, and a new target will be required for 2024/25.
	Support woolgrowers to breed for increasing flystrike resistance	A trend for lower breech wrinkle and dags ASBVs	●	The MERINOSELECT genetic trends for wrinkle and dags shows a trend towards lower wrinkle and dags. The early breech wrinkle ASBV has fallen from -0.18 score for the 2018 drop, to -0.22 for the 2020 drop and to -0.28 for the 2022 drop. The late dag ASBV has fallen from -0.05 score for the 2018 drop, to -0.07 for the 2020 drop and to -0.09 for the 2022 drop. <i>Source MERINOSELECT (MLA) June 2024.</i> There has been an increasing trend in the phenotyping of wrinkle and dags with over 51% of 2022 drop animals having a wrinkle phenotype. Along with selection, this is leading to falling wrinkle and dag ASBVs.

Performance against annual plan targets (continued)

SHEEP PRODUCTION				
Program	Investment Focus	Target	Status	Commentary
HEALTHY PRODUCTIVE SHEEP	Support woolgrowers to breed for increasing flystrike resistance	Increasing genotyping and phenotyping of Merino breech wrinkle, dags, cover and fleece rot. By 2030 50% of MERINOSELECT current drop will have a breech wrinkle phenotype	●	MERINOSELECT ram breeder animals with a wrinkle phenotype compared to the total number of ram breeder recorded animals has increased from 33% for the 2020 drop, to 46% for the 2021 drop, to 51% for the 2022 drop. The recording of early breech cover has gone from 21% in the 2020 drop, to 34% of the 2021 drop to 37% of the 2022 drop. The recording of late dag has gone from 11% of the 2020 drop, to 13% for the 2021 drop, and 22% for the 2022 drop. The number of ram breeder fleece rot records has increased from 2,505 for the 2020 drop to 4,296 for the 2022 drop. <i>Source MERINOSELECT (MLA).</i> The recording by ram breeders of the indicator traits for breech and body strike continues to show solid increases.
ENVIRONMENTAL SUSTAINABILITY	Assist woolgrowers to monitor, measure, and improve on-farm natural capital, increase drought resilience and enable new income streams such as carbon and biodiversity markets.	New projects facilitated or commissioned	●	Credible and cost-effective metrics to enable farmers to report and promote their on farm natural capital and environmental performance over time are being developed in three projects. Eleven core metrics have been identified to monitor, measure, and improve on-farm natural capital and biodiversity, increase drought resilience and potentially enable new income streams for farmers. A strong focus has been on enabling these metrics to be cost-effectively measured and it seems probable that at least 6 of them will be able to be remotely assessed by satellite.
AGRI TECHNOLOGY	Invest in innovative solutions targeting wool harvesting alternatives to improve shearer and/or animal welfare and increase shearing efficiency	Report on the success of an in-vitro investigation of the effect of compounds on wool strength to facilitate bioharvesting	●	A new in vitro skin/follicle culture (skin from euthanised sheep) system was implemented to facilitate testing a large number of compounds for effective dose, time and interactions with other agents. In addition, some high-interest agents are also tested for in vivo effectiveness effects (live sheep) at the same time as the screening trials. This strategy maximises the speed of identifying the best agents.
		New project(s) commissioned including solutions to harvest weakened wool	●	Four projects have been commissioned to develop wool harvesting solutions for weakened wool ranging from a handpiece to a fully automated system with the University of Technology Sydney (UTS), University of Wollongong, Agricultural Technology Solutions and Brooke & Mackenzie.
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. Resources will be made available through a range of mediums including print, app development and AWI websites. AWI will focus on providing resources online through wool.com and Learn About Wool.	AWI leadership and practical skills events delivered to participants receive a net promoter score (NPS) of at least 7.5/10	●	Practical Sheep Skills workshop currently being revised to incorporate subjective and objective sheep classing.
		AWI programs engage with 500 student participants each year	●	AWI has engaged 1,781 students in the 12-month period. Figures are from novice schools + high school workshops + expos.
		20,000 views of AWI Education & Extension wool harvesting resources online	●	There were 28,730 total views during 2023/24.

SHEEP PRODUCTION

Program	Investment Focus	Target	Status	Commentary
TRAINING AND TECHNOLOGY TAKEUP	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 Sports Shear shearing and wool handling competitions nationally	●	1,160 participants during 2023/24.
	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. The initiative of the wool handler/shearing tool kits is to retain shearers and shed staff in the industry.	3,700 novice and intermediate level participants supported through training by AWI	●	There were 4,935 novice and intermediate level participants during 2023/24 (+22.42% YoY increase).
		250 new entrants attained a level of competency to obtain AWI shearer or wool handler/shearing tool kits	●	120 kits handed out across Australia during 2023/24. NSW=39, VIC=22, QLD=2, SA=16, TAS=11, WA=30.
	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 the industry	Ongoing retention rate of 75% of those trained yearly	●	Current retention rate for 2023/24 is 79%.

MARKETING

Program	Investment Focus	Target	Status	Commentary
TRADE MARKETING	Promote Merino wool as the optimal fibre for sustainable circular products	5% increase in engagement with wool sourcing assets from brand partners	●	1 LinkedIn following: 25,821 (+18.4%) 2 The Wool Lab swatch engagements: 12,636 (+9.05%) 3 Sourcing Guide PDF downloads: India – 342, Japan – 452, Vietnam – 366
		Growing awareness of wool benefits amongst trade and supply chain audiences	●	1. Industry website traffic: Benchmark (2022/23): 60,435 sessions, 203,099 page views 2023/24 results: 27,956 sessions, 201,847 page views 2. Trade Marketing monthly newsletter subscribers: Benchmark (July 2023): 13,528, July 2024: 25,821 (+91%)
	Influence impending EU textile legislation and amplifying the ecological attributes of Australian Merino wool	Influence impending EU textile legislation and amplifying the ecological attributes of Australian Merino wool	●	Since the start of the Make the Label Count campaign, 66 meetings have been held with EU stakeholders and outreach has been made to 433 EU stakeholders. Over the past year, AWI has participated in 6 EU public consultations on policy and legislative proposals and collaborated with other natural fibre organisations to encourage broader responses. Consistent advocacy on PEF's inability to deliver on the EU's sustainability goals has gained recognition from the EU Commission and EU Parliament.
		Provide constructive solutions to make EU apparel labels meaningful and transparent for consumers	●	Engagement with the EU Commission and French government to share the high quality Wool LCA dataset to improve the data for wool that is available.

Performance against annual plan targets (continued)

MARKETING				
Program	Investment Focus	Target	Status	Commentary
TALENT DEVELOPMENT	International Woolmark Prize (IWP) will be restructured to be held every two years, with a focus on pre-registration in 2023/24. IWP celebrates outstanding fashion talents from across the globe who showcase the beauty and versatility of Australian Merino wool. It is the world's oldest and most prestigious award for rising fashion stars.	5% increase in pre-registration for program	●	40% year on year increase in applications (IWP2023 vs IWP2025 applications).
	The Woolmark Performance Challenge (WPC) will be restructured to be held every two years and will be expanded to include small businesses and start-ups as well as students.	20 new leads for sports industry brands and stakeholders	●	23 new leads generated by AWI staff attending trade events.
CONSUMER MARKETING	China Campaigns: produce a content and commerce model with retail partner support to drive volume of wool sales	Increase brand awareness for Woolmark and Merino wool benefits in China by 3%	●	The China A/W campaign had a positive impact on the awareness (+20%) and purchase intent (+25%) towards Merino wool as well as awareness (+17%) and purchase intention (+15%) associated with the Woolmark brand.
		YoY increase wool sales driving partnership with major retailer	●	10% YoY uplift in wool sales with reduced AWI investment. Retail partnerships launched with TMALL and Net-A-Porter for A/W2023. In addition, brand partnerships were conducted with 11 brand partners (eifini, ICICLE, Mo&Co, PORTS, Hazzys, LILY, JNBY, GXG, Peacebird, Less and MM) for the Double 11 and Double 12 shopping festivals for AW23/24.
	Educate Gen Z and Millennial audiences on the negative effects of synthetics and the positive eco-credentials of wool	3% increase purchase intent of Australian wool through increased awareness of wool's sustainable benefits	●	Across the Eco Campaign an average 75% purchase intent rate was achieved.
		Increase in average purchase intent of wool by 2% for the Eco Consumer campaign	●	4 percentage point increase in awareness for wool, from 24% to 28% after exposure to the campaign. 9 percentage point increase in consideration (reflective of purchase intent) from 48% to 57%.
	Brand Partnerships with influential sporting brands, sustainable fashion brands and high-volume retailers	Secure a minimum of 2 high profile sporting event/team sponsorships	●	Due to reduced budgets, a new high-profile sponsorship will be entered into for 2024/25. However, Woolmark secured partnerships with target sports brands throughout 2023/24 including Mizuno, TaylorMade, Huckberry, Salomon, Circle Sportswear and Arena.
		Uplift in brand/retailer intent to increase wool product categories	●	Brand/Retail Survey completed by 15 brand and retail partners throughout 2023/24. 13/15 of the partners indicated that they would maintain or increase their wool usage next year, following their partnership with Woolmark.

CONSULTATION

Program	Investment Focus	Target	Status	Commentary
WOOLGROWERS	AWI will overhaul the wool.com website to increase navigability and increase traffic	Increase page views on Wool.com website by 5%	●	341,345 - 36.53% YoY increase.
	AWI provides a wide array of print and digital communications to engage woolgrowers with clear, relevant, engaging and accessible content	High level of member satisfaction rating (above 5.8/10) with communication from AWI	●	Grower sentiment about the future of Australian wool averaged 4.9 in 2024.
		Improving efficiency through electronic distribution of <i>Beyond the Bale</i> using the latest government data on woolgrowers. This will save costs and will have a positive impact on the environment as we are slowly moving away from paper-based distribution.	●	<i>Beyond the Bale</i> was emailed to 34,141 recipients during 2023/24, an average of 8,535 recipients for each edition.
	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 by 3%	●	There were approximately 17,000 active participants in AWI Extension networks. Due to recalibration of some of the extension networks' systems, there is uncertainty on the accuracy of previously provided participant numbers, impacting the YoY comparisons.
AWI workshops delivered to participants receive a net promoter score of 7.5/10 (evidenced by exit surveys)		●	AWI workshops continue to be well received and participants highly likely to recommend to others, with an average NPS of 9.38.	
INDUSTRY	Increase member satisfaction in the industry forums WICP/WCG	Increase member satisfaction in the industry forums WICP/WCG	●	4 WICP meetings and 2 WCG meetings held. Location: Sydney, Adelaide and online. 8.38 average member satisfaction.

INDUSTRY DEVELOPMENT

Program	Investment Focus	Target	Status	Commentary
WOOLMARK	Ensure the Woolmark Licensing Program remains in demand and relevant for industry through current standards and procedures	Review relevant specifications and testing standards	●	Updates provided to specifications, notably Woolmark Recycled and Woolmark Gold Interiors.
	Targeting new and existing brands and retailers with the value and benefits of the Woolmark Licensing Program	Increase brand and retailer licensees by 10%.	●	Brand and retailer licensees 199 at year end, up from 154 – 29% YoY increase.
		Maintain or increase the number of tickets & labels ordered by Woolmark licensees.	●	Ticket and label orders through SML consistent year on year.
EDUCATION & EXTENSION	To support and strengthen the wool industry by educating designers, merchandisers and sourcing teams to deepen their understanding of the world's most sophisticated natural fibre.	Deliver global training programs across womenswear, menswear, sportswear and interiors to a minimum of 40 retailers.	●	80 brands (target 40), reaching 1,445 staff trained.
		Expansion of Wool Science program into India and Vietnam through student participation.	●	1 of 2 targets met. 1 x Indian institute, reaching 150 students. 0 x Vietnam institutes. 3 x China institutes, reaching 445 students.
	Elevate perceptions of value and desirability for Merino wool by empowering marketers and floor staff with the knowledge required to inspire consumer audiences which ultimately leads to increased wool sales.	Maintain participation in the Learn About Wool primary and secondary education program	●	207 Learn About Wool kits dispatched to schools across Australia, estimated to reach over 12,000 primary school students. Aligning with school requests and industry needs, a new 98 page, digital 'Your Future in Wool' booklet was developed, which outlines the career opportunities (on-farm) for young people looking to enter the workforce. This allowed reaching over 3,000 students through career and education events.

Performance against annual plan targets (continued)

INDUSTRY DEVELOPMENT				
Program	Investment Focus	Target	Status	Commentary
EDUCATION & EXTENSION	Elevate perceptions of value and desirability for Merino wool by empowering marketers and floor staff with the knowledge required to inspire consumer audiences which ultimately leads to increased wool sales.	Increase registrations on the Woolmark Learning Centre by 10%	●	4,132 registrations (target 3,370).
		2 new course developments on the Woolmark Learning Centre	●	2 new courses were launched on the Woolmark Learning Centre. 2 existing courses were updated on the Woolmark Learning Centre.
	Educate supply chain to ensure growth of wool processing, production expertise, knowledge and know how 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	Continue to attend leading traditional trade shows	●	Trade shows exhibited: 16 (acquisition of 833 leads) Trade shows attended: 22 (acquisition of 111 leads) Targeted workshops: 4 (acquisition of 80 leads) Total leads: 1,024 (target 50)
		Increase our presence at trade shows in new market categories including military, workwear, interiors and accessories.	●	2 new market trade shows exhibited. 7 new market trade shows attended/visited.
		10 innovation activations at global development centres.	●	13 activations.
		50 leads generated	●	1,024 leads generated via trade shows and workshops.
TECHNICAL SUPPORT	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	Continue to collaborate with supply chain partners on 4 process and 6 product innovations.	●	AWI collaborated with supply chain partners in 4 processes and 6 product innovations, including natural dye alternatives.
	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 in supply chain partners by 10%	●	1. Japan and Germany – technical developments in shoe uppers including Nikke and Okahata. 2. China – Santoni seamless knitting developments in ski wear and swimwear. 3. China – eco dyeing technology using the selected acid dyestuff and pigment for colouring. 4. Australia – digital print trials. 5. Vietnam and Taiwan – technical support for processing and production. 6. India and Sri Lanka – flat knit developments for sports category. 7. Italy – technical support for performance textiles. 8. South Korea – wool education. 9. Portugal – wool education.
	The Wool Lab remains a leading global sourcing tool for the most innovative, advanced and commercial wool yarns and textiles	Increase the number of registrations by 5% on The Wool Lab Digital platform	●	937 registrations (+41.32% YoY).
Maintain swatch requests from The Wool Lab		●	12,630 swatch requests (+7.25% YoY).	

MARKET ANALYTICS

Program	Investment Focus	Target	Status	Commentary
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: <ul style="list-style-type: none"> - Advertisements in local textile publications – 15 adverts across 2 markets - Run wool seminar/technical workshop - one in one new market 	●	1. Advertised in Bangladesh via Textile Focus magazine (online and in print) for 6 months (set to finish in September 2024). 2. Ran LinkedIn campaigns for one month (June) for 3 emerging markets – Bangladesh, Mexico and Peru. 3. Sponsor for the tradeshow in Bangladesh, Intex, June 2024. Woolmark was unable to run a workshop/ seminar in Bangladesh due to change of BDM.
	Establish and support new supply chain partners who are interested in or want to increase their knowledge of wool. Visiting tradeshow in Latin America and Asia region to build trade leads and conduct market research.	Connecting the supply chain and establishing new supply chain partners. Meet with 35 new supply chain partners in two new markets.	●	51 meetings with 33 companies across: Bangladesh – 18 meetings with 20 companies. Peru – 18 meetings with 12 companies. Mexico – 15 meetings with 9 companies.
		Visit two textile trade shows in two new markets	●	5 textile tradeshow visited across 3 new markets: Bangladesh – 2 Intex Bangladesh and Yarn and Fibre, Dhaka. Peru – 2 APTT and ADEX. Mexico – 1 Expo Production.
SUPPLY CHAIN INITIATIVES	Support the connection of Australian woolgrowers through the supply chain and ultimately to consumers.	AWI participation in the Australian Agriculture data platform exchange and support wool industry data platform.	●	Project now live with case studies sharing data.
		Investigate the development of traceability tools for the Woolmark Licensing Program. Woolmark licensees have access to a tool to help solve matters of wool traceability through the collection and distribution of data.	●	Contracted vendor to trace select supply chains. Findings will be utilised to understand traceability support required for Woolmark Nature Positive claims.
	Collaborate with the Australian wool industry bodies and government bodies to enhance Australian wool traceability systems	Continue collaboration on traceability systems with relevant stakeholders.	●	Australian Wool Traceability Hub on track for delivery 29th July. Regular participation in steering group and working groups under Wool Industries Australia.
BUSINESS INTELLIGENCE	Maintain 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	●	2024 AWI Woolgrower Survey shows that 76% of growers find value in AWI Market Intelligence and Analysis (5.5% YoY increase).
		Maintain subscriber numbers on the Market Intelligence website	●	Daily Report was sent to 48,028 recipients throughout 2023/24, while the Weekly Report was distributed to 52,002 recipients. The average number of subscribers for the Daily Report was 4,002, and for the Weekly Report, it was 4,334 during 2023/24.
		Market Intelligence area on AWI website receives 10,000 views per month	●	119,025 total number of views for 2023/24, with 9,918 average views per month.

Performance against annual plan targets (continued)

MARKET ANALYTICS				
Program	Investment Focus	Target	Status	Commentary
FIBRE SCIENCE	Contribute to the development of textile environmental rating schemes to level the playing field across fibre types and enable accounting for wool's environmental credentials	Improved performance for wool in global rating schemes	●	<p>AWI has actively participated within the EU PEF Technical Secretariat throughout the year proposing methodology improvements to the PEF rating scheme as well as providing high quality Wool LCA datasets.</p> <p>However it has been difficult to gain their acceptance due to political pressure as well as structural limitations of PEF.</p> <p>AWI has coordinated with the Australian government, MTLC, the broader wool industry and other textile industries to respond to public consultations on PEF and other EU legislation.</p> <p>New and more accurate sheep industry data is being developed where solutions to known data gaps of high significance to these rating schemes will be proposed, such as land use and land use change.</p>
	Generate evidence to support industry's eco-credential claims	<ol style="list-style-type: none"> 1. Completed case studies of carbon storage and biodiversity improvement 2. Completed scenario modelling of adaptations to improve natural capital 	●	<p>Case studies evidencing the effect of relevant on-farm interventions on carbon storage and biodiversity improvement were completed in The Carbon Storage Partnership project (OF-615).</p> <p>Evidence supporting the business case for improving on-farm natural capital was generated in the Farming for the Future project (OF-614).</p> <p>A new method for assessing the on-farm management of biodiversity, as well as a manuscript and <i>Beyond the Bale</i> article showcasing woolgrower's contemporary management of biodiversity were generated in the Biodiversity and Natural Capital in Wool Growing project (ON-895).</p> <p>Four case studies were completed modelling two potential adaptations, (1) the effect of grazing management and (2) pasture biodiversity, on accruing soil organic carbon on-farm in project ON-899.</p>
	Generate knowledge of wool's carbon account to inform delivery of Australia's climate goals as well as the Sheep Sustainability Framework	Assess the sheep industry's GHG emissions and opportunities for meeting Australia's national GHG commitments	●	<p>The Measures to Low GHG Wool project has modelling GHG emissions from 2005 to 2023 as well as generating a paper detailing the most effective interventions that woolgrowers as well as the broader wool industry can take to reduce net emissions through to 2050. This data has informed relevant metrics in the Sheep Sustainability Framework update.</p> <p>Whilst this project has been successfully completed, a massive amount of work remains for our industry to address carbon and deliver Australia's carbon goals. We are still at the beginning of understanding how best to reduce today's emissions and sequester yesterday's emissions into the farm across Australia's diverse landscape.</p>

MARKET ANALYTICS

Program	Investment Focus	Target	Status	Commentary
FIBRE SCIENCE	Develop a robust evidence base of wool's health and wellbeing attributes to enable ongoing promotion to the growing wellness and sustainability market	Generate a comprehensive evidence base for submission to an appropriate journal and use of marketing	●	A report on the findings from a research study assessing multiple stop-go cycles using the sweating guarded hot plate protocol has been completed, confirming wool's ability to more effectively buffer the fluctuations in temperature change experienced by the wearer compared with other fibre types. These results have been used to produce AWI marketing material and the development of scientific publications. A journal publication proposing specific changes to the ISO 11092 test method to enable wool's performance to be differentiated is in draft.

CORPORATE SERVICES

Program	Investment Focus	Target	Status	Commentary
PEOPLE & CULTURE	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	Learning and development with a focus on upskilling existing employees for new challenges and/ or future roles. At least 50% of employees to have participated in some form of learning & development.	●	Between LinkedIn learning, on-the-job learning and online and/or face-to-face training, at least 90% of our staff have benefited from a learning & development opportunity(s). A comprehensive Project Management course, customised for AWI/TWC and facilitated by Sydney Uni, was rolled out in Sydney (face to face) and online for all our Asia locations (China, Hong Kong, India, Japan, Korea). Feedback from this has been excellent.
		Employee satisfaction rating measures how satisfied employees are within the organisation. Maintain or increase the rating from 4.2/5.	●	A comprehensive employee engagement survey was conducted in May 2024, yielding an overall score of 4.01 out of 5. The specific metric for workplace satisfaction was slightly higher at 4.15 out of 5. These results indicate a commendable level of employee engagement within the organisation. However, the survey also identified areas for improvement, which will be promptly addressed.
		Online compliance training completion rate to be a minimum of 95%.	●	Completion rates improved for the period 1 January to 30 June 2024 with completion rates recorded as follows: 1. Code of Conduct – 97% completion 2. Equal Opportunity for Managers – 94% completion 3. Anti Bullying and Anti-Harassment – 96% completion 4. Anti-Discrimination – 95% completion 5. Respect@Work – 98.6% completion 6. Work Health & Safety - 98.6% completion
		Respective proportions of men (40%) and women (60%) on the board, in senior executive positions and across the whole workforce.	●	Board proportions: 3 women (43%) and 4 men (57%) Executives: 63.6% women. Staff (global): 66.0% women

Performance against annual plan targets (continued)

CORPORATE SERVICES				
Program	Investment Focus	Target	Status	Commentary
MEASUREMENT & EVALUATION	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 four impact (cost- benefit) assessments of RD&E and marketing investments annually.	●	Four impact assessments completed: 1. Wild Dog Control Initiatives 2. Luna Rossa Prada Pirelli 3. Shearer and Wool Handler Training Program 4. Nissan Formula-e
FINANCE	Finance – monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company's global footprint. Manage 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	●	The increase in currency exposure reviews has reduced the number of spot rate purchases.
		Unqualified audit report delivered	●	Audit completed and accounts set to be signed with unqualified report.
INFORMATION TECHNOLOGY	Information Technology – provide support to the business for all hardware and software requests. Implement Service Level Agreement (SLA) to monitor support requests and average time taken to resolve issues	Maintain or increase SLA 90% of time	●	SLA achieved 96.52% of time.
		Resolution of IT issues within 24 hours	●	SLA achieved 96.52% of time.
DIGITAL	Digital – provide support to business for digital requests, such as, EDMS, Website changes and Salesforce improvements. Gauge the perception of people on ease of using the systems and make improvements accordingly	Increase SLA 90% of time	●	SLA met 80% of the time.
		Maintain or increase ease of use rating for digital systems from 7.2/10	●	Ease of use dropped from 7.2 to 6.6, this was mostly due to the change in the CMP. Changes made to user licences in CMP to increase what users can do in the system.
LEGAL	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 AWI and TWC and its subsidiaries and advising on privacy and data protection matters	Implement the automated contracting system on CRM	●	The project is currently on hold as all global contract templates are reviewed.
		Digital contract creation will reduce time spent and increase efficiency and adherence to processes	●	The project is currently on hold as all global contract templates are reviewed.
		Initial response time on contract within 48 hours	●	All initial contracts submitted are responded to within 48 hours.

AWI has identified several countries that could potentially be new processing and manufacturing markets for Australian wool. This will help reduce the risk of the Australian wool industry relying on a limited number of markets and ensure that Australian wool remains competitive.





THE ANNUAL REPORT IS AVAILABLE ON
wool.com