SECOS GROUP LIMITED

ABN 89 064 755 237

APPENDIX 4E

FULL–YEAR PERIOD

Full-year ended ("current reporting period")	**30 June 2024**
Full-year ended ("previous corresponding period")	30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Continuing operations

Revenue from ordinary activities ($'000)	Down	8.1%	to	14,449
Loss from ordinary activities after tax attributable to members ($'000)	Up	47.7%	to	(9,424)

DIVIDENDS

Current reporting period	**Nil**
Previous corresponding period	Nil

NET TANGIBLE ASSET BACKING

	Current reporting period	Previous corresponding period ("PCP")
Net tangible assets per ordinary share	**2.4 cents**	**3.3 cents**

This full-year report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2024 and any public announcements made by SECOS Group Limited and its controlled entities during the full-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Changing the world of packaging

ANNUAL REPORT

For the year ended 30 June 2024

SECOS GROUP LIMITED (ASX:SES)

ABN 89 064 755 237

CONTENTS

CORPORATE DIRECTORY

Directors	**Mr. James (Jim) Walsh** (Non-Executive Chairman) **Mr. Richard Tegoni** (CEO, Executive Director) **Mr. Stephen J Walters** (Executive Director) **Mr. Donald F Haller Jnr** (Non-Executive Director) **Ms. Natalya Jurcheshin** (Non-Executive Director)
Company Secretary	**Mr. Colin Lai**
Registered Office	Unit 1, 247 Ferntree Gully Road Mount Waverley, VIC 3149 Telephone: +61 3 8566 6800 Email: info@secosgroup.com.au
Share Registry	**Automic Group** Level 5, 191 St Georges Terrace Perth WA 6000 GPO Box 5193, Sydney NSW 2001 Telephone: 1300 288 664 Email: hello@automicgroup.com.au
Bankers	**Bank of Melbourne** Level 8, 530 Collins Street, Melbourne, VIC 3000
Auditors	**William Buck** Level 20, 181 William Street, Melbourne, VIC 3000 Telephone: +61 3 9824 8555
Lawyers	**CBW Partners** Level 6, 67 Palmerston Crescent, South Melbourne, VIC 3205
Securities Exchange	**Australian Securities Exchange** Level 45, South Tower, Rialto 525 Collins Street Melbourne, VIC 3000
ASX Code	**SES**
Website	Corporate: www.secosgroup.com.au E-commerce: www.myecobag.com.au www.myecoworld.com.au www.myecoworld.com www.myecopet.com.au www.myecopet.com
Corporate Governance Statement	The Corporate Governance statement can be found on the Investors page at www.secosgroup.com.au

CHAIRMAN'S REPORT

Dear fellow Shareholders,

On behalf of the Board of SECOS Group Ltd (ASX: SES), I am pleased to present our Annual Report for the year ended 30 June 2024.

SECOS is now exclusively a sustainable packaging materials business in line with its strategy, following the sale of our traditional plastic business in December 2023. SECOS remains well placed to grow in many regions as countries seek sustainable packaging solutions and the removal of plastic from the environment. Every day, more companies are seeking more sustainable solutions in the way they produce their products, and as a result SECOS' pipeline of opportunities continues to improve.

The MyEcoBag® branded products are now being sold in over 2,400 Australian stores and is the category leader in compostable bin liner and kitchen caddy sales in both Coles and Woolworths. More recently SECOS began supplying carry-bags to independent grocery chain, Ritchies.

Despite falling short of the annual sales target in the first 12 months of their agreement, SECOS and Jewett Cameron Corporation (JCC) agreed to renew the existing exclusive sales agreement under the same terms, as a result of the significant work being undertaken to establish a meaningful presence in North America. Both companies believe this positions us well for sales growth and we look forward to working with JCC to expose SECOS to the increasing consumer demand for sustainable alternatives to conventional plastics in the USA and Canada markets.

It was pleasing to see SECOS awarded participation in the Solving Plastic Waste Cooperative Research Centre (CRC) program, where there is matched R&D funding from the Australian Federal Government from a joint Industry University bid. SECOS' share of the $140.6m allocated to this CRC will be confirmed at a later date as the Company seeks to scope R&D projects.

In June 2024, Recycling Victoria released the Draft Service Standards which classifies certified compostable caddy bin liners as a non-accepted material in Victoria's proposed standardised four-stream household waste and recycling system. In response, SECOS has made a submission to the state government opposing the draft standards and undertaken various public awareness campaigns.

On a continuing operations basis, while the FY24 sales of $14.4 million were disappointing, down 8.1% on FY23, it was pleasing to see that the gross margin of 21.5% was up on 16.5% in FY23. The directors are acutely aware sales performance must improve, and with management will strive to increase sales and continue to increase margins. The loss before tax of $8.4 million (FY23: $5.4 million loss) includes a non-cash impairment of intangibles of $3.6 million. On a positive note, working capital reduced by $1.7 million compared to FY23, mainly driven by the divestment of the traditional plastic business in December 2023.

The Company continues to operate with no debt and finished with a cash balance of $6.1 million as of 30 June 2024. A $0.5 million investment has been made in capital expenditure in the Company's Malaysian biopolymer plant and for new equipment for the Company's Research and Development Centre.

The sale of our traditional plastic business assets in December 2023 better enables SECOS to concentrate on its core mission and business. Our investments in marketing and R&D capabilities aim to deliver increased future compostable and sustainable sales and position the Company to grow its MyEcoBag® range of products in retail stores and new markets. These investments and efforts underly our belief that SECOS has the core competencies and technologies to expand our presence in our global markets.

On behalf of the Board, I would like to thank everyone in the SECOS team for their efforts under challenging conditions. I would like to thank and welcome our new customers who have made the choice to support a better future for our world, and to our shareholders and key stakeholders who continue with us on our journey to change the world of packaging.

Jim Walsh
Chairman, SECOS Group Limited

> **The MyEcoBag® branded products are now being sold in over 2,400 Australian stores and is the category leader in compostable bin liner and kitchen caddy sales in both Coles and Woolworths**

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of SECOS Group Limited ("SECOS" or the "Company") and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of SECOS during the financial year and up to the date of this report, unless otherwise stated:

- James (Jim) Walsh (Non-Executive Chairman)
- Richard Tegoni (CEO and Executive Director)
- Stephen J Walters (Executive Director)
- Donald F Haller Jnr (Non-Executive Director)
- Natalya Jurcheshin (Non-Executive Director)

Company Secretary

The Company Secretary is Colin Lai who is also the Chief Financial Officer of SECOS.

Principal Activities

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. SECOS supplies its proprietary biodegradable and compostable resins, packaging products and films to a blue-chip global customer base. SECOS Group is integrated from resin production into film and can develop bespoke compostable solutions for a range of applications.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in China and a resins plant in Malaysia.

SECOS has sales offices in Australia, Malaysia, China, Mexico and the USA, with a network of distributors across the Americas, Europe and Asia.

Operating and Financial Review

Financial Results Headlines

Continuing Operations ($'000)	FY24	FY23	% Change
MyEco® Branded (Global)	2,917	2,192	33.0%
Councils	4,833	4,112	17.5%
Resin	3,628	4,688	(22.6%)
Film	715	728	(1.7%)
White label and Other	2,356	3,214	(26.7%)
Total Sustainable Revenue	**14,449**	**14,934**	**(3.2%)**
Total Traditional Revenue	**-**	**783**	**(100%)**
Total Revenue	**14,449**	**15,717**	**(8.1%)**
Gross Margin %	*21.5%*	*16.5%*	*505 bps*
Normalised EBITDA[1]	**(3,476)**	**(3,917)**	**11.3%**
Impairment of intangibles	(3,568)	-	-
Loss before tax	**(8,446)**	**(5,390)**	**(56.7%)**
Net Loss after tax	**(9,424)**	**(6,381)**	**(47.7%)**

Discontinued Operations[2] ($'000)	FY24	FY23	% Change
Revenue	**1,709**	**7,119**	**(76.0%)**
Gross Margin %	*15.6%*	*7.8%*	*778 bps*
EBITDA[1]	**176**	**(53)**	**432.1%**
Impairment of intangibles	-	-	-
Loss before tax	**121**	**(361)**	**133.5%**
Net Loss after tax	**97**	**(369)**	**126.3%**

1. *EBITDA stands for earnings before interest, tax, depreciation, and amortisation. EBITDA is a non-IFRS measure and is presented to provide users with additional insight into the Company's business and to facilitate incremental understanding of the Company's underlying financial performance. Non-IFRS information is not audited. Normalised EBITDA excludes the non-recurring impairment of intangibles.*
2. *The Company sold its traditional plastic business in December 2023.*

FY24 sustainable sales from continuing operations were $14.4 million, down 3.2% mainly due to lower resin sales, down 22.6% and due to lower white label and other product sales. The decrease in resin sales is due to excess resin inventory being held by customers as a residual impact from the difficult global logistics and market conditions experienced in the prior two years. Strong sales growth was achieved in the Group's global MyEco™ products and from Councils at 33.0% and 17.5% respectively. The white label and other product sales were lower predominantly due to our exclusive distributor and strategic partner in the USA and Canada, switching from their Lucky Dog® products to MyEcoWorld® branded products.

Operating and Financial Review (continued)

In H2 FY24, total sustainable sales increased to $8.3 million, up 33.3% on H1 FY24 and up 11.0% on the prior corresponding period. The much stronger second half of FY24 saw growth in categories such as MyEco® branded products and Council business and has established a solid platform for growth into the coming year.

FY24 gross margin of 21.5% improved on FY23 of 16.5% as freight rates and lead times have returned to pre-pandemic levels, which has improved the predictability of working capital management.

Loss before interest, tax, depreciation, amortisation and impairment (normalised EBITDA loss) was $3.5 million, favourable by 11.3% on FY23 mainly due to improved margins and lower inventory obsolescence and credit losses during the current year. These were partly offset by an increase in employment expenses driven by an investment in people and capability.

Following the completion of the annual review of the carrying value of its assets as of 30 June 2024 and in accordance with the Company's accounting policies and applicable accounting standards, a non-cash impairment charge of $3.6 million was recognised in FY24. The impairment mostly relates to the carrying value of goodwill for the acquisition of Stellar Group in 2015 and several factors were considered in assessing the carrying value of assets including recent business performance, changes in market conditions and market capitalisation. As the impairment charge is non-cash it does not impact the Company's liquidity position. The loss before tax reported for the year was $8.4 million, up 56.7% on FY23 predominantly due to the impairment charge.

The Company has carry-forward tax losses available in Australia to offset future taxable profits. At 30 June 2024, the Company has derecognized the deferred tax asset to a nil balance (FY23: $1.0 million) relating to carry-forward tax losses. The movement in the deferred tax asset, which has resulted in an increase in tax expense of $1.0 million for the year, reflects the Company's expected ability to utilise tax losses over the short to medium term and is in line with the Company's policy and applicable accounting standards. Total unrecognised carry forward tax losses available to the Group are disclosed in Note 5 of the financial report.

The Company achieved net operating cash outflows of $1.3 million (FY23: net $2.0 million cash inflows) and had $6.1 million in cash and no debt as at 30 June 2024.

MyEco Branded Products

The MyEcoBag® branded product range continues to deliver in over 2,400 Australian stores and is the category leader in compostable bin liner and kitchen caddy sales in both Coles and Woolworths, with 29% market share in in 850 Coles stores[1], and 46% market share in 970 Woolworths stores[2]. Furthermore, SECOS was awarded an initial order to supply 80 Ritchies stores with reusable compostable check out bags, opening a new category that is aimed at replacing paper and plastic reusable check out bags in retail stores. These have resulted in the company achieving 33.0% growth in MyEco® branded sales compared to FY23. The Company will continue to pursue growth in this category which is being supported by national marketing campaigns to build brand awareness and bolster sales via our large distribution footprint in Australia.

Jewett Cameron Company (JCC) is SECOS' exclusive distributor and strategic partner in the USA and Canada and continues to develop the retail market for MyEcoWorld® branded products in this region. MyEcoWorld® branded products in major online retailers such as Amazon and Costco continue to gain momentum since their launches in Q3 FY24. In Q4 FY24 JCC was awarded the supply of post-consumer recycled dog bags to Costco Mexico representing the company's first orders of this new product range, which is made by SECOS using Certified 95% recycled soft plastic, addressing the critical need for effective recycling solutions in a world where only 9% of plastics, including soft plastics, are recycled globally. Despite falling short of the annual sales target in the first 12 months, SECOS and JCC agreed to renew the existing exclusive sales agreement under the same terms, as a result of the significant work being undertaken to establish a meaningful presence in the region. Both companies believe this positions us well for sales growth and we look forward to working with JCC to expose SECOS to the increasing consumer demand for sustainable alternatives to conventional plastics in the USA and Canada markets.

1. *IRI Scan Data between 12/11/22 to 2/7/24*
2. *Quantium Scan Data between 12/7/23 to 9/7/24*

Operating and Financial Review (continued)

Councils and Waste Management

Council business grew by 17.5% versus PCP, strengthened through demand from Councils to supply their food organics and garden organics programs ("FOGO") and demand from waste companies which require food-diversion bags. SECOS remains committed to Australian Council initiatives to divert food waste from landfill to organic waste stations with the supply of Compostable Kitchen Tidy Bags. The Council programs redirect food waste from land fill to organic waste treatment which creates fertile mulch, which in turn mitigates greenhouse gas emissions and reduces Council land fill costs.

SECOS has opposed, via formal submission, the Draft Service Standards released by Recycling Victoria in June 2024. The Standards classifies certified compostable caddy bin liners, including caddy liners certified to AS 4736 and AS 5810 as a non-accepted material in Victoria's proposed standardised four-stream household waste and recycling system. The new classification is in clear misalignment with Australia's broader environmental commitments. Furthermore, the non-acceptance of certified compostable caddy bin liners is in direct conflict with one of the objectives of the Draft Service Standards which is to reduce the volume of household recyclables and organic material being sent to landfills. The Company is committed to preventing the Draft Services Standards released by Recycling Victoria from being implemented to the extent they apply to compostable caddy liners, given certified compostable caddy bin liners significantly enhance environmental outcomes by diverting over 30% more organic household waste from landfills. In tandem with government lobbying efforts, SECOS undertook a marketing campaign to mobilise public support against the proposal which includes a petition, outdoor billboards, shopping centre media and paid social media advertising. Additionally, SECOS engaged in public relations activity and collaboration with social media influencers to maximise reach and impact.

Resin

Compostable resin sales have continued to stabilise as the Company manages through the residual impact of difficult global logistics and market conditions that led to excess resin inventory being held by customers. This was illustrated through sales of Q4 FY24 up 13.5% on the previous quarter. SECOS entered into a new distribution agreement with SM Resinas, a major distributor of resins across Latin America and new SECOS sustainability partner, with the aim of expanding sales volumes especially across LATAM. SECOS continues to develop new resin grades aimed at meeting the differing sustainability needs in markets globally, including a lower cost resin and resins specifically designed for food packaging and magazine wrapping to meet increasing competition from lower quality and cost suppliers. Initial trial orders of these new resins have been received from several customers across several markets.

Film

Compostable and sustainable film sales currently represent a relatively small component of the business. High-speed compostable wrapping film products remain a strategic focus for the company as they offer opportunities to enter the growing and high-volume sustainable pallet and magazine wrap markets. The Company is working to develop a distribution channel to support the sale of our compostable and sustainable film products in major markets.

Research and Development and Other Investments

SECOS is working on extending its range of sustainable products to better meet the growing need for sustainable alternatives for conventional plastics. Investments have also been made in the research and development of new resin formulations and food packaging to address opportunities in the market shift to compostable and sustainable food packaging. The investment in R&D will also support the launch of new SECOS branded products including greater value-adding products.

SECOS continues to scope R&D projects as part of its role in the Solving Plastic Waste Cooperative Research Centre (CRC) program, where there is matched R&D funding from the Australian Federal Government from a joint Industry University bid. SECOS' share of the $140.6 million allocated to this CRC will be confirmed once the R&D project scope is finalised and the Commonwealth CRC Agreement, Partners Agreements, and Project Agreements are executed in Q1 FY25.

The Company launched a new ERP system in Australia and other international regions which is expected to deliver improvements in cost and financial controls, efficiency, data quality and reporting over time. The implementation of the ERP system globally is in the final stage and will enable all regions to be on the same platform and enabling improvements in inventory and working capital management.

Outlook

We continue to pursue sales growth underpinned by the expansion of MyEco® branded products globally through the Company's established strategic partners and global distribution footprint. The Company will continue to invest in research and development with the aim of launching new and innovative sustainable products to market during the current year and beyond.

Dividends

The Directors do not recommend the payment of a dividend and no dividends have been paid or declared since the end of the last financial year.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the year.

- On 1 August 2023, the Company announced that it entered into an asset sale agreement to divest its traditional plastic manufacturing assets held in Stellar Films (Malaysia) Sdn Bhd and entered into a strategic manufacturing agreement to supply resin for compostable pallet wrap and sustainable packaging films under the SECOS MyEcoWorld™ brand. The assets were disposed of in FY24.
- In December 2023, following shareholder approval at the November 2023 Annual General Meeting, the following securities were issued to certain directors of the Company:
    - 3,129,360 fully paid ordinary shares at $0.065 per share with one free attaching option per share exercisable at $0.10 per option before expiry date of 11 April 2025, under the terms of the share placement to institutional and sophisticated investors announced on 7 March 2023;
    - 1,384,617 options exercisable at $0.10 per option before expiry date of 11 April 2025, under the terms of the Share Purchase Plan announced on 7 March 2023.

Risks and Uncertainties

The Company is subject to general risks as well as risks that are specific to the Group and its business activities. The following is a list of risks which the Directors believe are or potentially will be material to the Company's business and future financial prospects. However, this is not a complete list of all risks which the Company is or may be subject to.

Reliance on foreign markets

Due to the Company's reliance on the Asian market (in particular, Malaysia and China), it is exposed to potential disruption or volatility. For example, the Company is exposed to risks relating to labour practices, environmental matters, costs associated with enforcing contracts, changes to and uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in those markets. The Group continues to monitor geopolitical events and changes and is expanding its global reach in relation to procurement and locations of customers which will provide diversification.

Competition

The bioplastics market is competitive, and includes companies with greater financial, technical, human, research and development and marketing resources than the Group. The Group continues to invest in new and innovative technologies through its internal R&D function using market data, industry guidelines and feedback from customers and other experts.

Changes in Laws and Government Policy

The Group's operations may be adversely affected by changes in government policy and laws. The impact of actions by governments may affect the Group's activities, including its access to land and infrastructure, compliance with environmental regulations, and exposure to taxation and royalties. The Group continues to monitor changes in laws and government policies with contingency plans to combat unexpected changes that may arise.

Foreign Currency Risk

Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Any payment obligations of the Group in foreign currencies may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar. This is mitigated by a currency risk management policy in place which sets out the guidelines on dealing with these matters.

Environmental Risk

The Group's business model is based on the development and manufacture of environmental products. The Group may be subject to the market's appetite and uptake of environmental products and other unforeseen events, such as changes in methodology and regulations, which may have adverse financial implications for the Group's business model. The Group monitors changes in regulations and market views and works closely with its customers to ensure it can address changing positions in a timely and effective manner.

Loss of key customers

There is no guarantee that the Group will be able to retain existing customers or attract new customers in the future. This would materially and adversely impact the Group's operating results and viability. The Group's in-house R&D and sales functions enable it to service its existing customers to address their challenges and goals and also open up new opportunities for meeting new global customer requirements.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially upon senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors leaves the Board. The management and Board have policies in place which enable retention of talent through appropriate incentive arrangements and forward planning strategies such as succession planning for key roles.

Events After the Reporting Date

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

SECOS will continue to focus on its principal business activities with its sustainable packaging strategy and waste management solutions. The Group does not expect any major developments or variation to results if the Group continues to operate as normal.

Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under the law of the Commonwealth or the States of Australia.

Board of Directors

James Walsh	Non-Executive Chairman
Experience and Qualifications	Jim has been a Non-Executive Director since November 2018 and was appointed Chairman on 1 February 2023. Previous executive roles include Finance Director at carpet manufacturer Godfrey Hirst Australia Pty Ltd for 10 years, and most recent five years in a similar role at specialist mechanical services company A.G. Coombs Group Pty Ltd. Jim is a Fellow of Chartered Accountants Australia and New Zealand with B. Com, MBA, FCA, FAICD. He is a chairman and non-executive director of several unlisted organisations including: • Non- Executive Board Advisor of A.G. Coombs Group Pty Ltd • Non-Executive Chairman of KM Property Funds Ltd
Special Responsibilities	Chair of the Board and Remuneration Committee
Interest in Shares and Options	4,222,728 Ordinary Shares 461,539 Unlisted Options
Directorships Held in Other Listed Entities	Has not held a directorship in any other listed entity over the last 3 years

Richard Tegoni	CEO and Executive Director
Experience and Qualifications	Joined the Board as a Non-Executive Director on 21 December 2012. Richard was nominated as Non-Executive Chairman on 18 October 2013 before being appointed as Executive Chairman effective 16 September 2014. Richard has taken on the role of CEO and Executive Director effective 1 February 2023. Richard has held executive positions with various large private and public companies with a strong background in Finance and Banking, Sales and Marketing. Richard has an MBA (AGSM) and Diploma in Financial Markets (SIA).
Special Responsibilities	Chief Executive Officer
Interest in Shares and Options	16,029,309 Ordinary Shares 923,078 Unlisted Options
Directorships Held in Other Listed Entities	Has not held a directorship in any other listed entity over the last 3 years

Stephen Walters	Executive Director
Experience and Qualifications	Joined the Board on 21 April 2015. Steve is a veteran in the flexible packaging industry having held senior management positions with Orica Limited (formerly ICI Australia) and Stellar Films Group. Steve was instrumental in the integration of the Stellar and Cardia businesses. Steve has a B. Bus (Marketing).
Special Responsibilities	Responsible for the sales management of the Group.
Interest in Shares and Options	29,044,639 Ordinary Shares
Directorships Held in Other Listed Entities	Has not held a directorship in any other listed entity over the last 3 years

Donald Haller Jr.	Non-Executive Director
Experience and Qualifications	Joined the Board on 1 September 2016. Don was a former accounting partner with Ernst & Young and a former management consulting partner with PriceWaterhouseCoopers. He is also a director and major shareholder of VS Biosciences Ltd, a private company specialising in microbial solutions to combat a variety of viral based diseases.
Special Responsibilities	No special responsibilities.
Interest in Shares and Options	48,878,186 Ordinary Shares 3,129,360 Unlisted Options
Directorships Held in Other Listed Entities	Has not held a directorship in any other listed entity over the last 3 years

Natalya Jurcheshin	Non-Executive Director
Experience and Qualifications	Joined the Board on 25 May 2023. Natalya brings over twenty years' experience spanning finance, operations and strategy throughout Australia, North America, Ukraine and Russia in professional services, private and public companies, start-ups, and SMEs. Natalya is a Non-Executive Director of Adacel Technologies Limited (ASX: ADA) where she is the Chair of the Audit & Risk Management Committee and Remuneration Committee. She is a former CFO, Head of Operations and Company Secretary of Circadian Technologies Limited (renamed Opthea Limited) (ASX:OPT) and is a qualified chartered accountant.
Special Responsibilities	Chair of Risk and Audit Committee
Interest in Shares and Options	None
Directorships Held in Other Listed Entities	Adacel Technologies Limited

Company Secretary

Colin Lai has held the role of Company Secretary since June 2022. Colin is a Chartered Accountant and Fellow of the Governance Institute of Australia and is an experienced global finance and governance executive with over ten years' experience in public companies based in manufacturing, financial and software sectors.

Directors' Meetings

The number of meetings of the Company's Board of Directors and Board Committees held during the year ended 30 June 2024 and the number of meetings attended by each Director.

	Board Meetings		Audit Committee		Remuneration Committee	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
R Tegoni	12	12	-*	4	-*	4
S Walters	12	12	-*	4	-*	4
D Haller Jr	12	11	4	4	4	4
J Walsh	12	12	4	4	4	4
N Jurcheshin	12	12	4	4	4	4

* *Denotes that the Director was not a member of the relevant committee although all directors may attend any committee meeting*

Shares Under Option

The Group has 60,708,165 unlisted options as at the date of this report.

Shares Under Performance Rights

Performance rights of the Group as at the date of this report are as follows:

Grant Date	Expiry Date	Number Under Rights
09-Sep-2021	01-Nov-2024	83,656
08-Sep-2022	01-Nov-2025	533,675
06-Sep-2023	01-Nov-2026	3,114,276
Total		**3,731,607**

Shares Issued on the Exercise of Options

There were no shares issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company agrees to meet the full amount of any such liabilities, including costs and expenses.

The Company has paid an annual premium to insure the Directors and Officers against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

Indemnity and Insurance of Auditor

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 for leave of court 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 Company's Audit and Risk Committee (Committee) is responsible for the maintenance of audit independence. Specifically, the Committee Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chair of the Committee.

During the year William Buck, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and in accordance with the advice provided by the Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditors' own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, William Buck, for audit and non-audit services provided during the year are set out in note 7.

Auditor's Independence Declaration

The lead Auditor's Independence Declaration for the year ended 30 June 2024 follows the Directors' Report.

Rounding of Amounts

The Company is a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off." Amounts in this report have been rounded off in accordance with the Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee is to assist the Board in ensuring the appropriate and effective remuneration packages and policies are implemented to attract and retain and motivate high quality personnel to create value for shareholders. The Committee also reviews the appropriateness of director remuneration and monitors compliance with Board approved remuneration practices.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

The Group's remuneration policy has been tailored to align goal congruence between shareholders, directors and executives.

There is an Employee Incentive Plan in place to assist the Company to attract and retain key executives and employees. The Board believes the Employee Incentive Plan will achieve the following key objectives:

(a) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;

(b) provide an incentive and reward for Eligible Participants for their contributions to the Company;

(c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company; and

(d) align the interests of Eligible Participants more closely with the interests of Shareholders, by providing an opportunity for Eligible Participants to hold an equity interest in the Company.

Non-executive directors remuneration

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board collectively determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

ASX listing rules require that the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 22 November 2019, where the shareholders approved an aggregate remuneration of $300,000.

Remuneration Report (Continued)

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives or discretionary cash bonus
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives are designed to align the targets of the business units with the performance hurdles of executives. Payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's vary between executives but are linked to revenue, gross margins, earnings before interest, depreciation and amortization ('EBITDA'), strategic and other operational metrics. In the prior year this was a discretionary cash bonus.

The long-term incentives include long service leave and share-based payments. Share based payments are in the form of performance rights. The Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2024.

Performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on financial metrics including revenue, gross margins and EBITDA. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants

Remuneration consultants have not been used in assessing and calculating Director and key management personnel remuneration in the year.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

The resolution to adopt the remuneration report for the year ended 30 June 2023 was passed at the 2023 AGM, which occurred on 17 November 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Report (Continued)

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel (KMP) of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following personnel of SECOS Group Ltd:

- Richard Tegoni - Chief Executive Officer and Executive Director
- Stephen Walters - Executive Director
- James Walsh - Non-Executive Chairman
- Donald Haller Jr - Non-Executive Director
- Natalya Jurcheshin - Non-Executive Director
- Colin Lai – Chief Financial Officer and Company Secretary

	Short Term Benefits		Post-employment Benefits	Long Term Benefits		
	Salary, Fees and Annual Leave	Discretionary Cash Bonus[1]	Pension and Super-annuation	LSL	Share based Payments	Total
2024	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors						
J Walsh	80,000	-	-	-	-	**80,000**
D Haller Jr	60,000	-	-	-	-	**60,000**
N Jurcheshin	60,000	-	-	-	-	**60,000**
Executive Directors						
R Tegoni	220,156	15,287	25,136	874	7,704	**269,157**
S Walters	191,011	7,150	21,707	2,796	6,933	**229,597**
Other Key Management Personnel						
I Stacey	-	-	-	-	-	**-**
C Lai	293,737	10,147	27,399	1,446	13,095	**345,824**
Total	**904,904**	**32,584**	**74,242**	**5,116**	**27,732**	**1,044,578**

Remuneration Report (Continued)

	Short Term Benefits		Post-employment Benefits	Long Term Benefits		
	Salary, Fees and Annual Leave	Discretionary Cash Bonus[1]	Pension and Super-annuation	LSL	Share based Payments	Total
2023	$	$	$	$	$	$
Non-Executive Directors						
J Walsh[2]	68,333	-	-	-	-	**68,333**
D Haller Jr	60,000	-	-	-	-	**60,000**
N Jurcheshin[3]	6,087	-	-	-	-	**6,087**
Executive Directors						
R Tegoni[4]	159,474	-	9,997	223	-	**169,694**
S Walters	191,215	3,515	19,950	2,474	2,112	**219,266**
Other Key Management Personnel						
I Stacey[5]	140,915	-	12,947	-	-	**153,862**
C Lai	298,417	5,180	25,292	977	3,112	**332,978**
Total	**924,441**	**8,695**	**68,186**	**3,674**	**5,224**	**1,010,220**

(1) Based on performance on various projects and services and Group financial performance metrics

(2) Appointed Non-Executive Chairman on 1 February 2023

(3) Appointed on 25 May 2023

(4) Appointed Chief Executive Officer and Executive Director on 1 February 2023 and was previously the Executive Chairman

(5) Resigned on 1 February 2023. On resigning, all entitlements to share-based payments were forfeited. He was paid accrued annual leave on resignation.

Remuneration Report (Continued)

The proportion of remuneration linked to performance and the fixed proportion are as per below. Non-executive directors are not eligible to participate in short term or long-term incentive plans.

	Fixed remuneration		At Risk – Short Term		At Risk – Long Term	
Name	2024	2023	2024	2023	2024	2023
Non-Executive Directors						
J Walsh	**100%**	100%	**0%**	0%	**0%**	0%
D Haller Jr	**100%**	100%	**0%**	0%	**0%**	0%
N Jurcheshin	**100%**	100%	**0%**	0%	**0%**	0%
Executive Directors						
R Tegoni	**91%**	100%	**6%**	0%	**3%**	0%
S Walters	**94%**	97%	**3%**	2%	**3%**	1%
Other Key Management Personnel						
C Lai	**93%**	97%	**3%**	2%	**4%**	1%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash Bonus Paid/ Payable		Cash Bonus Forfeited	
Name	2024	2023	2024	2023
Non-Executive Directors				
J Walsh	**-**	-	**-**	-
D Haller Jr	**-**	-	**-**	-
N Jurcheshin	**-**	-	**-**	-
Executive Directors				
R Tegoni	**40%**	-	**60%**	-
S Walters	**22.5%**	33%	**77.5%**	67%
Other Key Management Personnel				
C Lai	**32.5%**	33%	**67.5%**	67%

Remuneration Report (Continued)

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Title	Commenced	Term of agreement
Richard Tegoni	Chief Executive Officer and Executive Director	1 February 2023	Executive Service Agreement Three months' termination notice period
Stephen Walters	Executive Director	21 April 2015	Executive Service Agreement Three months' termination notice period
James Walsh	Non-Executive Chairman	15 November 2018	Letter of appointment
Donald Haller Jr	Non-Executive Director	1 September 2016	Letter of appointment
Natalya Jurcheshin	Non-Executive Director	25 May 2023	Letter of appointment
Colin Lai	Chief Financial Officer and Company Secretary	14 June 2022	Executive Service Agreement Three months' termination notice period

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Terms of employment require that the relevant Group entity provide the contracted person with a minimum period of notice (one to three months) prior to termination of contract. Similarly, a contracted person has to provide minimum period notice (one to three months) prior to the termination of their contract. In the instance of serious misconduct, the Company can terminate employment at any time.

Remuneration Report (Continued)

Share based compensation

Issue of shares

There were no shares issued to KMP as part of share based compensation.

Options

No options were issued as part of remuneration during the year.

Performance rights

In September 2023, the Company issued 3,114,276 performance rights under the Employee Share Incentive Plan. Of these 2,074,534 were issued to key management personnel of the Company. Each right can be converted to a fully paid ordinary share on satisfying service and performance vesting conditions. The service vesting condition requires the employee to remain an employee of the Company until the vesting date of 30 September 2026. The performance vesting conditions are based on FY26 Company performance in relation to the following metrics:

- Revenue
- Earnings before interest, tax, depreciation and amortisation
- Return on invested capital

Name	Number of performance rights granted	Grant date	Expiry date	Vesting Date	Fair Value per right	Exercise Price	Probability of achieving non-market conditions
R Tegoni	746,007	06-Sep-2023	01-Nov-2026	30-Sep-2026	5.1 cents	-	75%
S Walters	424,412	06-Sep-2023	01-Nov-2026	30-Sep-2026	5.1 cents	-	75%
C Lai	904,115	06-Sep-2023	01-Nov-2026	30-Sep-2026	5.1 cents	-	75%

Additional information

The following table shows the gross revenue and profits for the last 5 years for the Group on a continued and discontinued operations basis, as well as the share prices at the end of the respective financial years.

$'000	FY24[1]	FY23[1]	FY22	FY21	FY20
Revenue	16,158	22,836	31,043	30,081	21,039
Profit/(loss) before tax	(8,324)	(5,751)	(2,913)	537	(1,186)
Profit/(loss) after tax	**(9,327)**	**(6,750)**	**(3,085)**	**2,590**	**(1,186)**

1. *Includes continuing and discontinued operations*

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	FY24	FY23	FY22	FY21	FY20
Share price at financial year end (cents)	2.9	5.0	10.0	26.6	6.0
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(1.6)	(1.2)	(0.6)	0.5	(0.3)

Remuneration Report (Continued)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance 1 July 2023	Received as Compensation	On market transaction	Change as a result of resignation	Closing Balance 30 June 2024
R Tegoni	15,529,309	-	500,000	-	**16,029,309**
S Walters	29,044,639	-	-	-	**29,044,639**
J Walsh	4,222,728	-	-	-	**4,222,728**
D Haller Jr	45,748,826	-	3,129,360	-	**48,878,186**
N Jurcheshin	-	-	-	-	**-**
C Lai	-	-	-	-	**-**

Option holding

The number of options held in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance 1 July 2023	Received as Compensation	On market transaction	Change as a result of resignation	Closing Balance 30 June 2024
R Tegoni	-	-	923,078	-	**923,078**
S Walters	-	-	-	-	**-**
J Walsh	-	-	461,539	-	**461,539**
D Haller Jr	-	-	3,129,360	-	**3,129,360**
N Jurcheshin	-	-	-	-	**-**
C Lai	-	-	-	-	**-**

The on-market transactions relate to a Share Purchase Plan which occurred in March 2023 (refer to 7 March 2023 Australian Stock Exchange Announcement), whereupon investors under the placement received one free attaching option for every one share subscribed. The options are unlisted, with an exercise price of $0.10 per share, exercisable within a two-year term. Shareholder approval was required to issue the options to the KMP who took part in the Share Purchase Plan which occurred at the AGM on 17 November 2023.

Remuneration Report (Continued)

Performance rights

The number of performance rights held in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance 1 July 2023	Received as Compensation	Vested and Exercised	Change as a result of resignation	Closing Balance 30 June 2024
R Tegoni	-	746,007	-	-	746,007
S Walters	87,189	424,412	-	-	511,601
C Lai	128,488	904,115	-	-	1,032,603
Total	**215,677**	**2,074,534**	**-**	**-**	**2,290,211**

The performance rights held have the following inputs:

Grant date	Expiry date	Vesting Date	Fair Value per right	Exercise Price	Probability of achieving non-market conditions
09-Sep-2021	01-Nov-2024	30-Sep-2024	33.5 cents	-	75%
08-Sep-2022	01-Nov-2025	30-Sep-2025	12.0 cents	-	75%
06-Sep-2023	01-Nov-2026	30-Sep-2026	5.1 cents	-	75%

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 209(2)(a) of the Corporations Act 2001.

On behalf of the directors

Jim Walsh
Chairman

21 August 2024
Melbourne, Australia

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of SECOS Group Limited

As lead auditor for the audit of SECOS Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SECOS Group Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 21 August 2024

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Sales	3	14,449	15,717
Cost of sales		(11,337)	(13,126)
Gross profit		**3,112**	**2,591**
Other Income	3	281	396
Employment related expense		(3,492)	(2,961)
Marketing and distribution expenses		(1,818)	(1,811)
Administration expense		(922)	(1,643)
Legal and compliance		(637)	(490)
Impairment of intangible assets		(3,568)	-
Depreciation and amortisation expense		(1,349)	(1,252)
Finance costs		(53)	(220)
Loss before tax from continuing operations		**(8,446)**	**(5,390)**
Income tax expense	5	(978)	(991)
Loss for the year after tax from continuing operations		**(9,424)**	**(6,381)**
Discontinued operations			
Profit/(Loss) after income tax from discontinued operations	25	97	(369)
Loss after tax for the year attributed to the owners of SECOS Group		**(9,327)**	**(6,750)**
Other comprehensive income			
Item that may be reclassified to the profit or loss in subsequent periods (net of tax)			
Foreign currency translation differences for foreign operations		192	(509)
Total comprehensive loss for the year		**(9,135)**	**(7,259)**
Loss per share from continuing operations attributable to the owners of SECOS Group			
Basic / diluted loss per share		(1.59) cents	(1.16) cents
Profit/ (Loss) per share from discontinued operations attributable to the owners of SECOS Group			
Basic / diluted loss per share		0.02 cents	(0.06) cents
Loss per share for loss attributable to the owners of SECOS Group			
Basic / diluted loss per share		(1.57) cents	(1.22) cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 $'000	2023 $'000
Current Assets			
Cash at bank		6,108	8,424
Trade and other receivables	9	3,246	4,033
Inventories	10	3,169	4,095
Prepayments		437	630
Other assets		34	34
Total Current Assets		**12,994**	**17,216**
Non-Current Assets			
Deferred tax assets	5	-	960
Plant and equipment	11, 20	3,994	4,535
Right-of-use asset	12	1,065	1,645
Intangible assets	14	-	3,591
Other assets		-	15
Total Non-Current Assets		**5,059**	**10,746**
Total Assets		**18,053**	**27,962**
Current Liabilities			
Trade and other payables	15	1,556	1,807
Employee benefits		264	290
Accrued expenses		965	861
Lease liability	13	627	780
Total Current Liabilities		**3,412**	**3,738**
Non-Current Liabilities			
Employee benefits		25	30
Lease liability	13	582	1,061
Total Non-Current Liabilities		**607**	**1,091**
Total Liabilities		**4,019**	**4,829**
Net Assets		**14,034**	**23,133**
Equity			
Issued capital	16	48,447	48,447
Reserves	17	(523)	(751)
Accumulated losses		(33,890)	(24,563)
Total Equity		**14,034**	**23,133**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

	Issued capital $'000	Accumulated losses $'000	Share based payment reserve $'000	Foreign currency translation reserves $'000	Total Equity $'000
Balance at 1 July 2023	**48,447**	**(24,563)**	**42**	**(793)**	**23,133**
Loss for the Year	-	(9,327)	-	-	(9,327)
Other Comprehensive income for the year	-	-	-	192	192
Total comprehensive loss for the year	**-**	**(9,327)**	**-**	**192**	**(9,135)**
Transactions with owners in their capacity as owners					
Shares issued during the year net of costs	-	-	-	-	-
Share based payments	-	-	36	-	36
Balance at 30 June 2024	**48,447**	**(33,890)**	**78**	**(601)**	**14,034**

	Issued capital $'000	Accumulated losses $'000	Share based payment reserve $'000	Foreign currency translation reserves $'000	Total Equity $'000
Balance at 1 July 2022	**44,730**	**(17,813)**	**36**	**(284)**	**26,669**
Loss for the Year	-	(6,750)	-	-	(6,750)
Other Comprehensive income for the year	-	-	-	(509)	(509)
Total comprehensive loss for the year	**-**	**(6,750)**	**-**	**(509)**	**(7,259)**
Transactions with owners in their capacity as owners					
Shares issued during the year net of costs	3,717	-	-	-	3,717
Share based payments	-	-	6	-	6
Balance at 30 June 2023	**48,447**	**(24,563)**	**42**	**(793)**	**23,133**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Cash Flows from Operating Activities			
Receipts from customers		15,843	19,698
Payments to suppliers and employees		(18,212)	(18,823)
Finance costs		(53)	(220)
Net operating cash generated by/(used in) continuing operations		(2,422)	655
Net operating cash generated by/(used in) discontinued operations		1,135	1,363
Net Cash Inflow/(outflow) from Operating Activities	**21**	**(1,287)**	**2,018**
Cash Flows from Investing Activities			
Purchase of plant and equipment		(499)	(641)
Net cash used in continuing operations' investing activities		(499)	(641)
Net cash generated by discontinued operations' investing activities		197	2
Net Cash Outflow from Investing Activities		**(302)**	**(639)**
Cash Flows from Financing Activities			
Proceeds from issues of ordinary shares (net of costs)		-	3,717
Lease payments		(610)	(520)
Net cash generated by/(used in) continuing operations' financing activities		(610)	3,197
Net cash used in discontinued operations' financing activities		(109)	(259)
Net Cash Inflow/(outflow) from Financing Activities		**(719)**	**2,938**
Net (decrease)/increase in cash held		**(2,308)**	**4,317**
Increase/(decrease) in cash due to changes in foreign exchange rate		(8)	(15)
Cash at the beginning of the financial year		8,424	4,122
Cash at the end of the financial year		**6,108**	**8,424**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Material Accounting Policy Information

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The amounts contained in this financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

This general-purpose financial report has been prepared on a going concern basis following the directors' consideration of the operating plans and budgets for the period of 12 months from the date of signing the financial statements.

SECOS Group Limited is a listed public company, incorporated and domiciled in Australia. The Company is a for-profit entity for accounting purposes.

The financial statements were authorised for issue on **21 August 2024** by the Board of Directors.

Reporting Basis and Conventions

These financial statements have been prepared on an accruals basis and are based on historical costs. Except for new accounting standards as stated below, the financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2023.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report.

a. New Accounting Standards and interpretations issued in the period

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. The impact of these standards did not have a material impact on the Group.

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

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SECOS Group Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. SECOS Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group.'

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 1 Material Accounting Policy Information (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative foreign currency translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. A list of controlled entities is contained in Note 26 to the financial statements.

c. Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary that do not result in a change in control are accounted for as equity transactions and do not affect the carrying values of goodwill.

d. Income Tax

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

The current income tax charge is calculated using tax rates that have been enacted or are substantially enacted at the end of the reporting period in the countries where the subsidiaries operate and generate taxable income.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future tax amounts will be available to utilize those temporary differences and tax losses.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Note 1 Material Accounting Policy Information (continued)

f. Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

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. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Machinery	10% to 33%
Office Equipment and Motor Vehicles	7.5% to 40%
Leasehold Improvements	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

g. Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 1 Material Accounting Policy Information (continued)

h. Impairment of Financial Assets

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

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

i. Impairments of Non-Financial Assets

At the end of each reporting period, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives or more frequently if events or changes in circumstances indicate that they might be impaired.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of reporting period.
- Income and expenses are translated at average exchange rates for the period. The average rate is only used where the rate approximates the rate at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Note 1 Material Accounting Policy Information (continued)

k. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

l. Discontinued Operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

m. Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Variable consideration with the transaction price, if any, reflects estimated concessions provided to the customer such as discounts, rebates and refunds, any potential add-ons or bonuses from the customer and any other contingent events. Variable consideration is to be recognised only if it is highly improbable that a significant reversal of this amount will occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate liability.

Sale of goods

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1 Material Accounting Policy Information (continued)

n. *Trade and other receivables*

Trade receivables are initially recognised at fair value less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 60 days. In accordance with AASB 9 'Financial Instruments', the Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance ('ECL') for all trade receivables. Specific allowances are made for any expected credit losses based on a review of all outstanding amounts and individual receivables are written off when management deems them unrecoverable. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates and the Group uses judgement in making these assumptions based on the Group's history and existing market conditions as well as forward-looking estimates.

o. *Profit or Loss per share*

Basic profit or loss per share

Basic profit or loss per share is calculated by dividing the profit or loss attributable to the owners of SECOS Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted profit or loss per share

Diluted profit or loss per share adjusts the figures used in the determination of basic profit or loss per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

p. *New Accounting Standards and interpretations issued not yet mandatory or early adopted*

The below are Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group which we do not expect to have material impact in future reporting:

Accounting Standards and Interpretations	Applicable to annual reporting periods beginning on or after
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 Jan 2024
AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025

q. *Critical Accounting Estimates, Judgements and Assumptions*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Expected credit loss for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of expected credit loss is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 1 Material Accounting Policy Information (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(i).

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The fair value less costs of disposal calculation is based on available funds, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses. The Directors and management of the Group have made a significant judgement in respect of forecasting the future profitability of the Group to determine the carrying value of the deferred tax asset.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the performance rights are determined to be the share price on the date that the rights are issued as there is no exercise price. There are multiple non-market performance vesting conditions allocated to each tranche of rights. An estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied. Refer to note 18 for further information.

Note 2 Parent Entity

The individual financial statements for the parent entity show the following aggregate amounts:

	2024 $'000	2023 $'000
Statement of Financial Position		
Assets		
Current Assets	4,714	4,829
Non-Current Assets	37,861	40,140
Total Assets	**42,575**	**44,969**
Liabilities		
Current Liabilities	993	592
Non-Current Liabilities	19	11
Total Liabilities	**1,012**	**603**
Equity		
Issued capital	97,515	97,515
Accumulated losses	(55,952)	(53,149)
Total Equity	**41,563**	**44,366**
Statement of Comprehensive Income		
Loss for the year after tax	(2,828)	(2,397)
Total comprehensive income/(loss)	**(2,828)**	**(2,397)**

Guarantees

SECOS Group Limited has from time to time provided guarantees to third parties in relation to the performance and obligations of controlled entities in respect to finance facilities. The guarantees are for the terms of the facilities. As at 30 June 2024 there is a bank guarantee of $0.03 million (2023: $0.03 million).

Contingent liabilities

SECOS Group Limited had no contingent liabilities as at 30 June 2024 (2023: NIL).

Contractual commitments

At 30 June 2024, SECOS Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2023: NIL).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for investments in subsidiaries that are accounted for at cost, less any impairment, in the parent entity.

Note 3 Revenue

	Note	2024 $'000	2023 $'000
Revenue			
Sales of goods at a point in time	20	14,449	15,717
Total sales revenue		**14,449**	**15,717**
Other Income			
Sundry income and subsidies		281	396
Total other income		**281**	**396**

Note 4 Expenses for the Year

	2024 $'000	2023 $'000
The Profit/(loss) before income tax includes the following items of expenses:		
Research, development, and patent costs	338	380
Superannuation expense	213	173
Depreciation of right-of-use assets	690	851
Depreciation of plant and equipment	759	713
Finance (income)/cost for leases	(15)	185

Note 5 Income Tax Expense

Income tax recognised in profit or loss

	2024 $'000	2023 $'000
Current tax expense	(18)	(33)
Deferred tax expense	(960)	(958)
Income tax expense	**(978)**	**(991)**

Reconciliation of income tax expense to prima facie tax on accounting profit or loss

	2024 $'000	2023 $'000
Loss before income tax	(8,446)	(5,390)
Prima facie income tax benefit at the Australian tax rate of 25% (2023: 25%)	2,112	1,347
Overseas tax rate differential	(25)	(57)
Non-deductible impairment of goodwill	(883)	-
Other Current year tax losses not brought into account	(1,191)	(1,290)
Reversal of previously booked tax losses	(960)	(958)
Withholding tax	(18)	(26)
Other	(12)	(7)
Total income tax expense recognised in the current period	**(978)**	**(991)**

Deferred tax assets

	2024 $'000	2023 $'000
Deferred tax asset comprises temporary differences attributable to:		
Recognition of tax losses carried forward	-	960
Deferred tax asset	**-**	**960**
Movements:		
Opening balance	960	1,918
Write down of deferred tax assets	(960)	(958)
Closing balance	**-**	**960**

	2024 $'000	2023 $'000
Tax benefit carried forward at applicable tax rate	13,969	12,281

Note 5 Income Tax Expense (continued)

The Group has carried forward tax losses that can be offset against taxable profit at each tax jurisdiction, subject to probable future taxable profit and in accordance with the laws of each tax jurisdiction. As of 30 June 2024 the carried forward tax losses for the Australian jurisdiction amounted to $11.2 million. There is no deferred tax asset recognised for any carry forward tax losses at 30 June 2024 (30 June 2023: $960 thousand). An assessment of the deferred tax asset of $960 thousand was performed during the year based on the future cash flows used in the impairment test described in Note 14, and it was considered unlikely that the full amount would be recoverable in the first three years of the projection. As a result, an impairment of $960 thousand was recognised in FY24.

Note 6 Key Management Personnel Compensation

Names and positions held of Group and parent entity key management personnel in office at any time during the financial year are included in the "Remuneration Report". Key management personnel remuneration details have been included in the Remuneration Report section of the Directors Report.

	2024 $	2023 $
Short-term employee benefits	937,488	933,136
Post-employment benefits	74,242	68,186
Long-term employee benefits	5,116	3,674
Share based payments	27,732	5,224
Total	**1,044,578**	**1,010,120**

Note 7 Remuneration of Auditors

	2024 $	2023 $
Remuneration of the auditor of the parent entity (William Buck) for:		
• auditing or reviewing the financial statements	95,000	90,000
• research and development tax compliance services	42,000	25,000
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial statements of subsidiaries	8,904	9,969
Total	**145,904**	**124,969**

Note 8 Earnings/Loss Per Share

	2024 $'000	2023 $'000
Loss used to calculate basic/diluted EPS from continuing operations attributable to the owners of SECOS Group	(9,424)	(6,381)
Profit/(loss) used to calculate basic/diluted EPS from discontinued operations attributable to the owners of SECOS Group	97	(369)
Loss used to calculate basic/diluted EPS attributable to the owners of SECOS Group	(9,327)	(6,750)

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share[1]	595,267,651	551,727,297
Loss per share from continuing operations attributable to the owners of SECOS Group	(1.59 cents)	(1.16 cents)
Profit/(Loss) per share from discontinued operations attributable to the owners of SECOS Group	0.02 cents	(0.06 cents)
Loss per share attributable to the owners of SECOS Group	(1.57 cents)	(1.22 cents)

1 *The potential vesting of performance rights and exercise of options are not included in diluted EPS as the impacts are anti-dilutive given the Group made a loss*

Note 9 Trade And Other Receivables

	2024 $'000	2023 $'000
Current		
Trade receivables	2,627	4,075
Less: Allowance for expected credit losses	(179)	(479)
	2,448	**3,596**
Other receivables	798	437
Total	**3,246**	**4,033**

Note 9 Trade And Other Receivables (continued)

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for the above are as follows:

	Trade Receivables	<30	31-60	61-90	>90
2024					
Trade receivables	2,627	1,117	451	322	738
Expected credit loss rate	-	-	-	-	*24.3%*
Allowance for expected credit losses	(179)	-	-	-	(179)
Total	**2,448**	**1,117**	**451**	**322**	**559**
2023					
Trade receivables	4,075	1,742	746	152	1,435
Expected credit loss rate	-	-	-	-	*33.3%*
Allowance for expected credit losses	(479)	-	-	-	(479)
Total	**3,596**	**1,742**	**746**	**152**	**956**

Current trade receivables are non-interest bearing and are generally on 30-to-60-day terms. The receivables in the 61-90 and over 90 days ageing category are generally on longer credit terms.

Based on the above, the Directors have deemed the $0.2 million allowance for expected credit losses as prudent in 2024 (2023: $0.5 million) at the reporting date.

Movement in the expected credit loss for receivables

Expected credit loss	Opening Balance $'000	Charge for the Year $'000	Amounts Write off/back $'000	Closing Balance $'000
2024	(479)	(21)	321	(179)
2023	-	(552)	73	(479)

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Collateral Pledged

No security over trade receivables has been provided as at 30 June 2024 (2023: Nil).

Note 10 Inventories

	2024 $'000	2023 $'000
Current		
Raw materials including work in progress	1,242	2,483
Finished goods	2,128	2,307
Provision for obsolescence	(201)	(695)
Total	**3,169**	**4,095**

Inventories are held at the lower of cost or net realisable value. The decrease in total inventories reflects decreased sales activity.

Note 11 Plant And Equipment

Movement in Carrying Amounts

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial years are set out below.

2024	Plant, Machinery and Equipment $'000	Leasehold Improvements $'000	Construction in Progress $'000	Total $'000
Opening Balance	**4,170**	**30**	**335**	**4,535**
Additions	499	-	-	499
Disposals	(268)	-	-	(268)
Transfers	335	-	(335)	-
Depreciation Expenses	(759)	-	-	(759)
Exchange Rate Variation	(13)	-	-	(13)
Closing Balance	**3,964**	**30**	**-**	**3,994**
As at 30 June 2024				
Cost	7,734	108	-	7,842
Accumulated Depreciation	(3,770)	(78)	-	(3,848)
Closing Balance	**3,964**	**30**	**-**	**3,994**

2023	Plant, Machinery and Equipment $'000	Leasehold Improvements $'000	Construction in Progress $'000	Total $'000
Opening Balance	**4,093**	**32**	**578**	**4,703**
Additions	614	-	25	639
Disposals	-	-	-	-
Transfers	268	-	(268)	-
Depreciation Expenses	(711)	(2)	-	(713)
Exchange Rate Variations	(94)	-	-	(94)
Closing Balance	**4,170**	**30**	**335**	**4,535**
As at 30 June 2023				
Cost	16,566	108	335	17,009
Accumulated Depreciation	(12,396)	(78)	-	(12,474)
Closing Balance	**4,170**	**30**	**335**	**4,535**

Note 12 Non-Current Assets - Right-Of-Use Assets

	2024 $'000	2023 $'000
Opening Balance	**1,645**	**2,266**
Additions	175	286
Depreciation	(690)	(851)
Exchange rate variations	(65)	(56)
Closing Balance	**1,065**	**1,645**
Cost	4,503	4,175
Accumulated Depreciation	(3,438)	(2,530)
Closing Balance	**1,065**	**1,645**

The Group leases land and buildings for its offices, factories and warehouses under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 13 Lease Liability

	2024 $'000	2023 $'000
Lease liability – current	627	780
Lease liability – non-current	582	1,061
Lease liability	**1,209**	**1,841**

Note 14 Intangible Assets

2024	Goodwill $'000	Product Development $'000	Total $'000
Opening Balance	**3,532**	**59**	**3,591**
Additions	-	-	-
Impairment	(3,532)	(36)	(3,568)
Amortisation Expenses	-	(23)	(23)
Closing Balance	**-**	**-**	**-**
As at 30 June 2024			
Cost	3,532	167	3,699
Accumulated Amortisation	(3,532)	(167)	(3,699)
Closing Balance	**-**	**-**	**-**

2023	Goodwill $'000	Product Development $'000	Total $'000
Opening Balance	**3,532**	**90**	**3,622**
Additions	-	-	-
Impairment	-	-	-
Amortisation Expenses	-	(31)	(31)
Closing Balance	**3,532**	**59**	**3,591**
As at 30 June 2023			
Cost	3,532	167	3,699
Accumulated Amortisation	-	(108)	(108)
Closing Balance	**3,532**	**59**	**3,591**

Note 14 Intangible Assets (Continued)

Impairment Disclosures

The Group first recognised goodwill on its balance sheet following the acquisition of Stellar Film Group in April 2015. Since then and as required by AASB 136 - impairment of assets, the Group has undertaken annual impairment tests for its single cash-generating unit ("CGU") being the manufacture and distribution of polyethylene films and the renewable resource-based resins and finished products.

The Group has determined the recoverable amount of the Group's cash generating unit by a value-in-use calculation using a discounted cash flow ("DCF") model. Value-in-use is calculated based on the present value of cash flow projections for the next five years, with a terminal value applied from year five of the model into perpetuity. The cash flows are discounted using an estimated discount rate based on a capital asset pricing model. Revenue has been projected using the assumptions described below. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the Company.

A set of assumptions were applied in the value-in-use-calculation for the purpose of the impairment test. These assumptions are not an exact reflection of management expectations of future performance of the CGU.

Revenue is premised on a "zero based budget" approach whereby each customer, or potential customer, has been specifically assessed having regard to current indications of demand, customer contacts or as assessed by the relevant sales managers. Terminal growth post year 5 of the forecast period has been estimated at 2.5% (2023: 2.5%). The weighted average growth rate over the 5-year forecast period was 13.0% (2023: 15.0%).

Revenue is forecast to alter in line with relevant changes to the Group's direct manufacturing cost.

Projected cash flows have been discounted using a pre-tax discount rate of 14.75% (2023: 14.50%).

As a result of the above analysis the recoverable amount as determined by the value-in-use model was below the carrying value of the CGU's assets. As a result, amounts capitalised to goodwill and product development were impaired to $nil as at 30 June 2024. Any change to the assumptions described above would result in a different charge being recorded by the Group.

Note 15 Trade And Other Payables

	2024 $'000	2023 $'000
Current		
Trade payables	1,029	1,315
Sundry payables	527	492
Total	**1,556**	**1,807**

Note 16 Issued Capital

a) *Share Capital*

	2024 $'000	2023 $'000
Ordinary – fully paid shares	**48,447**	**48,447**

b) *Movements in Ordinary Share Capital*

Date		Number of Shares	$/share	Amount ($'000)
01-Jul-23	Balance	593,480,667	-	48,447
4-Dec-23	Placement[1]	3,129,360	0.065	-
30-Jun-24	Balance	596,610,027	-	48,447

1 *Subscription by Non-Executive Director Donald Haller Jr for US$137,500 (A$203,408) in the March 2023 placement, which was approved by shareholders at the Company's Annual General Meeting on 17 November 2023. The funds were received by the Company in March 2023.*

c) *Ordinary Shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value, and the Company does not have a limited amount of authorised share capital.

d) *Capital Management*

Management controls the capital of the Group in order to maintain sufficient liquidity to cover the Group's working capital requirements, to meet any new investment opportunities as they arise and to safeguard the Group's ability to continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities supported by financial assets.

Management effectively manages the Group's capital by regularly monitoring its current and expected liquidity requirements and by assessing the Group's financial risks, rather than using debt/equity ratio analyses. The Group's capital structure is adjusted in response to significant changes in liquidity requirements and financial risks. These responses include the management of debt levels and share issues.

There are no externally imposed capital requirements other than Australian Securities Exchange (ASX) listing rule 7.1 and 7.1A placement capacity.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 17 Reserves

Reserves comprise a foreign currency translation reserve which records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(j) and a share based payments reserve.

Note 18 Share Based Payments

The Company has an Employee Share Incentive Plan which was established to encourage employees of the consolidated entity, including directors, to share in the ownership of the consolidated entity, in order to promote their long-term success. The Plan offers selected employees of the consolidated entity, including directors, an opportunity to share in the growth and profits of the consolidated entity alongside the Company's shareholders.

During the financial year ended 30 June 2024, there were 3,114,276 performance rights ("rights") issued to employees and executive directors of the Company (30 June 2023: 822,774). The 1,170,419 rights issued to the executive directors were approved at the Annual General Meeting held on 17 November 2023.

There are multiple non-market performance vesting conditions allocated to each tranche of rights. The overarching performance hurdle is in line with internal management targets and goals for future years.

The probability of non-market performance conditions occurring has been assessed to be 75%.

For the rights granted during the current financial period, the fair value of the rights equates to the share price on the date that the rights were issued being 5.1 cents as there is no exercise price.

The following tables illustrate the movements in performance rights, during the current financial year and the comparative financial year.

	Number of rights 2024	Number of rights 2023
Outstanding at the beginning of the financial year	700,987	661,854
Granted	3,114,276	822,774
Exercised / Forfeited	(83,656)	(783,641)
Outstanding at the end of the financial year	**3,731,607**	**700,987**

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
09-Sep-2021	01-Nov-2023	-	83,656	-	-	(83,656)	-
09-Sep-2021	01-Nov-2024	-	83,656	-	-	-	83,656
08-Sep-2022	01-Nov-2025	-	533,675	-	-	-	533,675
06-Sep-2023	01-Nov-2026	-	-	3,114,276	-	-	3,114,276
Total		**-**	**700,987**	**3,114,276**	**-**	**(83,656)**	**3,731,607**

Note 19 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2024 $'000	2023 $'000
Bank Guarantees	**34**	**34**

There were no contingent assets as at 30 June 2024 (2023: NIL).

Note 20 Operating Segments

Identification of reportable operating segment

Historically Group management viewed the business as a single operating segment being the manufacture and distribution of polyethylene films, and renewable resource-based resins and finished products. During the time up until 30 June 2023 the management team prepared internal reports with a multi-dimensional view with emphasis on Group consolidated results that were used by the Board of Directors in assessing the performance and in determining the allocation of resources of the Group.

Following the change of CEO during the FY23 financial year and the repositioning and transitioning of the Group to a manufacturer and distributor of biopolymer materials management reviewed its operations on 1 July 2023 and identified two distinct operating segments being, manufacturer and distribution of traditional plastic (polyethylene) products and the manufacture and distribution of renewable resource-based resins and finished products.

During the period to 30 June 2024 the Company entered into an asset sale agreement to divest its traditional plastic manufacturing assets held in Stellar Films (Malaysia) Sdn Bhd, resulting in the traditional plastics segment being identified as a discontinued operation as at the reporting date.

The continuing operations of the Group as at 30 June 2024 reflects the single operating segment with the principal activities being the manufacture and distribution of renewable resource-based resins and finished products as disclosed in the Statement of Profit or Loss and Other Comprehensive Income. The is how the Chief Operating Decision Makers of the Group view the business on a monthly basis.

This note excludes the discontinued operations of Stellar Films (Malaysia) Sdn Bhd.

Sales Revenue by geographical region (external customers)

	2024 $'000	2023 $'000
Oceanic	8,203	6,869
Asia	2,883	4,058
Americas	1,840	3,259
Europe	1,493	1,355
Africa	30	177
Total Revenue	**14,449**	**15,718**

Major customers

The Group has a number of customers to whom it provides products. The Group has supplied a single external customer who accounted for 11.0% (2023: 11.5%) of external revenue.

Plant and equipment by geographical region

	2024 $'000	2023 $'000
The geographic location of segment assets (plant and equipment) is disclosed below:		
Oceanic	791	870
Asia	3,203	3,665
Total Assets	**3,994**	**4,535**

Note 21 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax on a continued and discontinued operations basis

	2024 $'000	2023 $'000
Loss for the year after tax	**(9,327)**	**(6,750)**
Non-Cash Items		
Provision for inventory obsolescence	119	695
Allowance for expected credit loss	21	479
Impairment of intangibles	3,568	-
Impairment of deferred tax assets	960	958
Depreciation and amortisation	1,472	1,595
Share based payments expense	36	6
Unrealised foreign currency differences	276	(336)
Movements in assets and liabilities		
Decrease/(increase) in inventories	807	2,484
Decrease/(increase) in receivables, prepayments and other assets	958	3,191
(Decrease)/increase in payables, accrued expenses and provisions	(177)	(304)
Net cash inflow/(outflow) from operating activities	**(1,287)**	**2,018**

Note 22 Events After The Reporting Date

No matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23 Related Parties

Parent Entity

SECOS Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Key management personnel

Disclosures relating to key management personnel are set out in Note 6 and the remuneration report in the directors' report. There were no other related party transactions.

Note 24 Financial Instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price 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 minimise potential adverse effects on the financial performance of the Group.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. Credit risk is managed through the negotiation of payment terms with customers such as advance payment on orders or payments through letter of credits, title retention clauses over goods, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and monitoring the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. Credit risk arising on cash balances is considered low.

Note 24 Financial Instruments (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or meeting its obligations related to financial liabilities. The Group manages liquidity risk by maintaining a reputable credit profile, managing credit risk related to financial assets, monitoring forecasted cash flows and ensuring that new funding facilities are in place either in the form of the issuing of new securities or establishing borrowing facilities.

A summary of the entity's financial assets and liabilities is shown in the table below:

Year ended 30 June 2024	<6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial assets				
Cash	6,108	-	-	**6,108**
Trade and other receivables	3,246	-	-	**3,246**
	9,354	**-**	**-**	**9,354**
Financial liabilities				
Trade and other payables	1,556	-	-	**1,556**
Accrued expenses	965	-	-	**965**
Lease liability	324	303	582	**1,209**
	2,845	**303**	**582**	**3,730**
Net maturity	**6,509**	**(303)**	**(582)**	**5,624**

Year ended 30 June 2023	<6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial assets				
Cash	8,424	-	-	**8,424**
Trade and other receivables	4,033	-	-	**4,033**
	12,457	**-**	**-**	**12,457**
Financial liabilities				
Trade and other payables	1,807	-	-	**1,807**
Accrued expenses	861	-	-	**861**
Lease liability	430	350	1,061	**1,841**
	3,098	350	1,061	**4,509**
Net maturity	**9,359**	**(350)**	**(1,061)**	**7,948**

Fair Value of financial instruments

Unless otherwise stated, the carrying amount of financial instruments reflects their fair value.

Market risks

There is no material exposure for the Group.

Interest Rate Risk

There is no material exposure for the Group.

Interest Rate Risk Sensitivity Analysis

An official increase/decrease in interest rates of 2% has no adverse/favourable effect on profit or loss before tax. The Group had no borrowings as at 30 June 2024 (2023: NIL)

Note 24 Financial Instruments (continued)

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. As the Group's significant purchase and sales transactions are in US dollars, any fluctuations in US dollars may impact on the Group's financial assets. The risk is measured using sensitivity analysis and cash flow forecasting. For payments in all other foreign currencies, the Group has established that its exposure to foreign currency risk is not material at this stage. The carrying amount of the Group's foreign currency (US dollars) denominated financial assets and financial liabilities at the reporting date were as follows:

	2024 $'000	2023 $'000
Financial Assets	229	381
Financial Liabilities	-	-

The Group has performed sensitivity analysis relating to its net exposure to foreign currency risk at the end of reporting period. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Foreign Currency Risk Sensitivity Analysis

At 30 June 2024, the effect on profit or loss and equity as a result of changes in the value of the Australian dollar to the US dollar with all other variables remaining constant is as follows:

	2024 $'000	2023 $'000
Change in Profit and Equity		
- movement in AUD to USD by 10.0%	+/-26	+/-43

Foreign Currency Translation Reserves ("FCTR")

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(j). At 30 June 2024, all balance sheet items in foreign currencies are translated to local currency at closing exchange rates and this is further translated to Australian dollar. Upon consolidation of the entities, the impact is captured in the reserves line in the equity section.

Note 25 Discontinued Operations

On 1 August 2023, the Company announced that it entered into an asset sale agreement to divest its traditional plastic manufacturing assets held in Stellar Films (Malaysia) Sdn Bhd and entered into a strategic manufacturing agreement to supply resin for compostable pallet wrap and sustainable packaging films under the SECOS MyEcoWorld™ brand. The plastic manufacturing assets held a carrying amount of $0.26 million and were sold in FY24 for $0.19 million. There were other assets not related to the asset sale agreement which were sold during FY24 with a gain of sale of $0.05 million.

	2024 $'000	2023 $'000
Sales	1,709	7,119
Cost of sales	(1,443)	(6,565)
Gross profit	**266**	**554**
Other income	92	68
Employment expense	(95)	(326)
Marketing and distribution expenses	(25)	(58)
Administration expense	(30)	(283)
Legal and compliance expenses	(7)	(8)
Depreciation and amortisation expense	(123)	(343)
Finance income	68	35
Loss on disposal of asset	(25)	-
Profit/(Loss) before income tax	**121**	**(361)**
Income tax expense	(24)	(8)
Profit/(Loss) for the period after tax from discontinued operations	**97**	**(369)**

Note 26 Controlled Entities

Controlled Entities Consolidated

Name	Principal activities	Country of Incorporation	Equity Holding (%) 2024	Equity Holding (%) 2023
Cardia Bioplastics (Australia) Pty Ltd	Sales and marketing	Australia	100%	100%
Biograde (Nanjing) Pty Ltd[1]	Manufacturing	China	100%	100%
Cardia Bioplastics (Malaysia) Sdn Bhd[2]	Manufacturing	Malaysia	100%	100%
Cardia Bioplastics, S.A de C.V	Sales and marketing	Mexico	100%	100%
CO2 Starch Pty Ltd	Research	Australia	100%	100%
Tristano Pty Ltd[2]	Research	Australia	100%	100%
Stellar Films (Malaysia) Sdn Bhd	Holding company	Malaysia	100%	100%
Biograde (Hong Kong) Pty Ltd[2]	Holding company	Hong Kong	100%	100%
Secos Americas Inc	Sales and marketing	USA	100%	100%
Carida Americas LLC[3]	Sales and marketing	USA	100%	100%
MyEcoWorld LLC[3]	Sales and marketing	USA	100%	100%
Stellar Americas LLC[3]	Sales and marketing	USA	100%	100%

1 *100% owned by Biograde (Hong Kong) Pty Ltd*
2 *100% owned by Cardia Bioplastics (Australia) Pty Ltd*
3 *100% owned by Secos Americas Inc*

CONSOLIDATED ENTITY DISCLOSURE STATEMENT AS AT 30 JUNE 2024

Name	Type of Entity	Principal activities	Country of Incorporation	Equity Holding (%)	Tax Residency: Australia or Foreign	Tax Residency: Foreign jurisdiction
SECOS Group Ltd	Body Corporate	Holding company	Australia	N/A	Australia	N/A
Cardia Bioplastics (Australia) Pty Ltd	Body Corporate	Sales and marketing	Australia	100%	Australia	N/A
Biograde (Nanjing) Pty Ltd[1]	Body Corporate	Manufacturing	China	100%	Foreign	China
Cardia Bioplastics (Malaysia) Sdn Bhd[2]	Body Corporate	Manufacturing	Malaysia	100%	Foreign	Malaysia
Cardia Bioplastics, S.A de C.V	Body Corporate	Sales and marketing	Mexico	100%	Foreign	Mexico
CO2 Starch Pty Ltd	Body Corporate	Research	Australia	100%	Australia	N/A
Tristano Pty Ltd[2]	Body Corporate	Research	Australia	100%	Australia	N/A
Stellar Films (Malaysia) Sdn Bhd	Body Corporate	Holding company	Malaysia	100%	Foreign	Malaysia
Biograde (Hong Kong) Pty Ltd[2]	Body Corporate	Holding company	Hong Kong	100%	Foreign	Hong Kong
Secos Americas Inc	Body Corporate	Sales and marketing	USA	100%	Foreign	USA
Carida Americas LLC[3]	Body Corporate	Sales and marketing	USA	100%	Foreign	USA
MyEcoWorld LLC[3]	Body Corporate	Sales and marketing	USA	100%	Foreign	USA
Stellar Americas LLC[3]	Body Corporate	Sales and marketing	USA	100%	Foreign	USA

1 *100% owned by Biograde (Hong Kong) Pty Ltd*
2 *100% owned by Cardia Bioplastics (Australia) Pty Ltd*
3 *100% owned by Secos Americas Inc*

Consolidated Entity Disclosure Statement as at 30 June 2024 (continued)

Basis of preparation

This Group disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group.

DIRECTORS' DECLARATION

In the Directors' opinion:

a. the financial statements and notes set out on pages 26 to 55 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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 financial 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; and

c. the information disclosed in the consolidated entity disclosure statement on pages 56 to 57 is true and correct.

d. The remuneration disclosures set out on pages 16 to 24 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Jim Walsh
Non-Executive Chairman

Melbourne, Australia
Date: 21 August 2024

For personal use only

Independent auditor's report to the members of SECOS Group Limited

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of SECOS Group Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

— 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

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2024,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information,

— the consolidated entity disclosure statement, and

— the directors' declaration.

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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com.au

William Buck
ACCOUNTANTS & ADVISORS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Discontinued operations	**Area of focus (refer also to notes 1 & 25)**	**How our audit addressed the key audit matter**
	On 1 August 2023 the Group finalised the divestment of its traditional plastic manufacture assets held in Stellar Films (Malaysia) Sdn Bhd. On this date the Group disposed of its assets, and they were removed from the Group's statement of financial position. Due to the significance of the transaction to the Group's financial position and performance this matter was considered a key audit matter.	Our audit procedures included: — Verified that the accounting treatment of the transaction, including presentation and disclosure was in accordance with the accounting standards; — Verified that the sale transaction completed on 1 August 2023 was accounted for appropriately through review of the sale agreement and vouching of supporting documentation such as the cash received by the Group on completion; and — Performed audit procedures over the balances relating to the disposal of assets as at the date of settlement in order to calculate the loss on disposal. We have also assessed the adequacy of disclosures in the notes to the financial report.

Assessment of the carrying value of goodwill	**Area of focus (refer also to notes 1 & 14)**	**How our audit addressed the key audit matter**
	During the financial year ended 30 June 2015 the group expanded its activities through the reverse acquisition of Cardia Bioplastics Limited by Stellar Films Group. As a result, the acquisition created Goodwill on the Group's consolidated statement of financial position of $3.5 million. There is a risk that the carrying amount of the cash generating unit to which the goodwill belongs exceeds its recoverable amount and may be impaired.	Our audit procedures included: — A detailed analysis of the Group's CGU's to determine that the changes which have occurred during the year are appropriate; — An examination of the discounted cashflow model which includes testing for its arithmetical accuracy, checking the reasonableness of the future cashflows, comparing to historical trends of the business and its pipeline of future sales transactions and the overall industry climate affecting the economics of the business model;

	From 1 July 2023 the Group reassessed its Cash Generating Unit ("CGU") and determined that the Group operated in two CGU's being traditional plastic and the manufacture and distribution of renewable resource-based resins and finished products. As noted above as a result of the discontinued operation the traditional plastics CGU was discontinued on 1 August 2023. The recoverable amount of the remaining CGU has been calculated based on a value-in-use discounted cashflow model, this examines the expected discounted cashflows of its sole CGU over a five-year period extending from reporting date, plus a terminal value. As a result of the impairment test the recoverable amount did not exceed the carrying value of the CGU and a charge of $3.6 million was recorded against the Group's intangible assets, reducing the balance to $nil at 30 June 2024. Overall, due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	— Assessing the capability of the independent expert utilised by management in determining the discount rate applied in the model; — An examination of key sensitivities of the Group's future discounted cash flows to changes in key inputs; and — Cross-checking the overall net present value derived by the model to the current enterprise value of the business, embodied in its market capitalisation. We also considered the adequacy of the Group's disclosures in relation to the impairment testing in the financial report.
Inventory	**Area of focus (refer also to notes 1 & 10)** The Group's inventory of $3.2 million is significant to the financial statements and has decreased significantly from prior year. The Group's inventory predominantly includes polyethylene films and renewable resource-based resins. Inventory is required to be carried at the lower of its cost and net realisable value applying the weighted average cost method. The valuation of inventory involves significant judgement by management as value depends on the age and types of polyethylene films and renewable resource-based resins.	**How our audit addressed the key audit matter** Our audit procedures included: — A physical verification of inventory at material locations within the Group; — Performance of cut-off testing for both inwards and outwards goods around the year end date; — On a sample basis, validated the cost price of inventory items through to supporting documentation; — A review of subsequent product sales to ensure inventory was valued at the lower of cost and net realisable value;

		— We assessed management's judgements in relation to the need for provisioning based on the ageing and condition of the inventory; and We also considered the adequacy of disclosures in relation to inventory.
Deferred tax asset	**Area of focus (refer also to notes 1 & 5)** During the year ended 30 June 2023, the group impaired the deferred tax asset balance recognised on the statement of financial position from \$1.9 million to \$0.96 million based on the Group's reassessment of its recoverability the balance has been impaired to \$nil at 30 June 2024. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to the quantum and timing of future taxable income. Estimates of future taxable income are based on the forecast of cash flows from operations, the reversal of temporary differences and the application of existing tax laws in each jurisdiction. Due to the above-mentioned factors, recoverability of deferred tax assets was considered a key audit matter.	**How our audit addressed the key audit matter** Our audit procedures included: — Assessing the board approved budgets to determine the likelihood of future profitability and the use of its deferred tax assets in future periods; — Understanding the basis of accounting for the impairment of the deferred tax assets based on our knowledge of the tax environment in which the Group operates, and assessing management's judgements on the cash flow projections used in forecasting future taxable income and the reversal of temporary differences; and We also considered the adequacy of the Group's disclosures in relation to the recognised and unrecognised deferred tax assets in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group'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 the directors for the financial report

The directors of the Company are responsible for the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

— the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

— the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of SECOS Group Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

What was audited?

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2024.

William Buck
ACCOUNTANTS & ADVISORS

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 21 August 2024

SHAREHOLDERS' INFORMATION

The shareholder information set out below was applicable as at **12 August 2024.**

(A) Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Ordinary Shares	Number of Holders
1 - 1,000	297
1,001 - 5,000	1,091
5,001 - 10,000	578
10,001 - 100,000	1,156
100,001 and over	421
Total	**3,543**

There were 2,446 holders of less than a marketable parcel of ordinary shares.

(B) Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Fully Paid Ordinary Shares	Number Held	Percentage of Issued Shares (%)
BELGRAVIA STRATEGIC EQUITIES PTY LTD	70,047,093	11.7%
R&K EDWARDS INVESTMENTS	57,295,825	9.6%
DONALD HALLER JR	48,878,186	8.2%
SECOS FRIENDS LLC	30,212,228	5.1%
UBS NOMINEES	27,939,784	4.7%
STELLAR DEVELOPMENTS	20,696,906	3.5%
RICHARD TEGONI	16,029,309	2.7%
BRENDAN O'SULLIVAN	11,189,054	1.9%
HSBC CUSTODY NOMINEES	8,935,532	1.5%
ADVANCE PUBLICITY	8,425,000	1.4%
HELPLESS PTY LTD	8,024,262	1.3%
GOBBLE PTY LTD	7,203,346	1.2%
PLANET JANET SUPER PTY LTD	6,000,000	1.0%
DAVID WAKE	5,157,109	0.9%
SCOTCH INVESTMENTS PTY LTD	5,000,000	0.8%
KIRZY PTY LTD	4,990,191	0.8%
GARY T HEDRICK	4,864,555	0.8%
ROBERT V DEUTSCH CAPITAL LLC	4,741,575	0.8%
MARK L DEUTSCH CAPITAL LLC	4,741,575	0.8%
JAMES WALSH	4,222,728	0.7%
Total	**354,594,258**	**59.4%**

(C) Substantial Shareholders

The names of the substantial shareholders listed in the holding company's register as at **12 August 2024** are:

	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
BELGRAVIA STRATEGIC EQUITIES PTY LTD	70,047,093	11.7%
R&K EDWARDS INVESTMENTS	57,295,825	9.6%
DONALD HALLER JR	48,878,186	8.2%
SECOS FRIENDS LLC	30,212,228	5.1%

(D) Voting Rights

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares:	On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

SECOS
GROUP