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Appendix 4E

Preliminary Final Report period ending 30 June 2024

Results for announcement to the market

Financial Results			June 2024	June 2023
Revenue from ordinary activities	Up	6.67%	15,452,354	14,485,683
Comprehensive profit (Loss) from ordinary activities after tax attributable to members	Down	(1723%)	(1,585,841)	97,687

Dividends	2024 Final Dividend	2023 Final Dividend
Amount per Ordinary Security	nil	nil
Franked amount per Security	N/A	N/A
Record date for determining entitlements to final dividend	N/A	

Net Tangible Asset Backing	June 2024	June 2023
Net tangible asset backing per ordinary security	\$0.030	\$0.034

COMMENTARY

The FY2024 year was certainly one with many challenges. There were several legacy issues which the management and board needed to address and close out. Despite the various issues Eneco Refresh Ltd (Eneco) managed to deliver a revenue growth of 7% compared to the same period last year.

When excluding the 2023 revenue of Darwin (\$1.677m discontinued operations) we then see the real strength of the underlying business in delivering an actual revenue growth of 17.8%.

The end of year profit/loss financial result has been impacted negatively by various one-off treatments in the PNL which were necessary.

In 2024, Eneco incurred significant one-off costs related to the relocation and set up of our Victorian water and Plastics business' because of the factory fire which occurred in February 2023. In addition to the set up and relocation costs the lease for the new location in Victoria is significantly more expensive than the previous premise.

We took a decision to write down numerous idle assets, old and obsolete or unfit for purpose materials as well as plant and equipment which had accumulated throughout our branch network. We also incurred additional costs as we went to market to source for a new COO after the unplanned departure of our former Chairman and CEO. In addition to this we ran a transitional hand over for 2 months to ensure stability and knowledge transfer and minimal disruption to our national customer base.

The business has seen its operating margin decline by 2% percentage points during the year as a direct result of higher labour, materials and distribution costs within Australia.

A breakdown by Cash Generating Units is presented below.

	FY 2024	FY 2023	
	<u>\$'000</u>	<u>\$'000</u>	<u>Variance</u>
Revenue			
Western Australia (WA)	4,883	3,950	24%
New South Wales (NSW)	3,134	2,849	10%
Victoria (VIC)	2,088	1,636	28%
Northern Territory (NT)	62	1,677	-96%
Queensland (QLD)	2,836	2,556	11%
Refresh Waters	13,003	12,668	3%
Refresh Plastics	2,449	1,818	35%
Total	15,452	14,486	7%
Profit/(Loss)			
Western Australia	(32)	(91)	65%
New South Wales	267	308	-13%
Victoria	(395)	27	-1563%
Northern Territory	(344)	705	-149%
Queensland	(172)	151	-214%
Refresh Waters	(676)	1,100	-161%
Refresh Plastics	(282)	(404)	-30%
	(958)	696	-238%
Corporate Expenses	(628)	(598)	5%
Total	(1,586)	98	-1718%

Please refer to note 7 and 9 for details on significant variations.

Refresh Waters

The bottled water market, whilst substantial in size, continues to present a challenging landscape within which to operate. Our main competitors in each state are predominantly all vying for the same market share with the major retailers. Domestic freight costs continue to rise with the international shipping cost also on the rise again for some of our raw materials. In addition to this the 'cost of living crisis' puts additional pressure on the retailers to maintain low pricing and to resist price rises from their suppliers.

The West Australian revenue exceeded expectations by growing 24% this financial year helped by a very long, hot summer. The Perth site revenue was almost \$4.3m, which is a 22% increase with upcountry WA delivering a fantastic 29% increase by securing new mining customers. Operating margins in WA are below our target level and will receive great attention in this new year as continued growth must deliver a stronger bottom-line performance. The profit performance was further impacted with a write down of \$150k in old and obsolete stock and a non-performing investment.

NSW delivered a growth of 10% which although slower than previous years was still a pleasing result. Year on Year profit was down slightly and was mainly impacted due to a write down of old and obsolete inventory and materials.

Following a disappointing FY23 in which Victoria's revenue declined, Victoria performed the strongest of all the sites with a 28% increase in FY24. The water business was relocated during the year, and this created significant disruption and additional cost to the site. Occupancy costs, coupled with high material costs, a diesel generator to subsidise the electrical supply, plus a \$20k write off from stock resulted in a significant loss for the financial year. As our largest loss state, management will direct a great deal of attention to the Victorian business in 2025.

The sale of the Northern Territory factory in Darwin was completed at the end of FY23 and this is reflected in the operating profit of \$705k in that period however, some additional costs were incurred in FY24 as we carried some lease commitment after closure and due to a loss on asset disposal of \$105k.

Eneco continues to own 7.7 hectares of land in the Northern Territory which is home to a natural spring water reserve which we utilise to supply water to a local bottling plant. This is providing a small but regular income which will continue throughout FY25.

Queensland delivered another good revenue growth of 11%, mainly driven by stronger sales into a major retailer. The profit performance was negatively impacted due to the write down of old and obsolete inventory and equipment and an adjustment to the annual rent expense. Management believe that Queensland is now poised for a return to profit and continued revenue growth in FY25.

Refresh Plastics

Following the fire in February 2023 in which the factory was destroyed, the business model changed. Management have established an outsourced production model to further reduce operating costs in this business as it was loss making even prior to the fire. This model has increased the expenditure on cost of goods whilst reducing the expenses associated with the occupancy and running of a factory.

As FY23 was negatively impacted through lost sales due to the fire the FY24 year looks somewhat better when compared. We can see that growth opportunities exist in this business segment but still have some concerns around the gross margins achievable. FY25 is a year in which management must formulate and execute on a plan for this business going forward.

The industrial special risk insurance claim relating to the fire in Victoria in 2023 was settled in FY24. The groups claim for reimbursement of the environmental cleaning costs amounting to \$1.67m under our Public Liability policy remains in dispute and the Board is assessing steps to be taken to recover this expense. A \$61k invoice for a claim consultant was recorded as expenses in FY24.

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	CONSOLIDATED 2024 \$	2023 \$
Revenue	2a	15,452,354	14,485,683
Cost of Sales	2b	(10,198,299)	(9,228,537)
Gross Profit		5,254,055	5,257,146
Other Income		(153,765)	1,063,296
Other Expense		-	-
Marketing Expenses		(804,253)	(744,626)
Distribution Expenses		(2,021,025)	(2,019,341)
Administrative Expenses		(2,589,857)	(2,549,689)
Occupancy Expenses		(1,224,158)	(836,999)
Results from operating activities		(1,539,003)	169,787
Finance Income	2c	140,644	8,595
Finance Costs	2d	(187,482)	(80,695)
Profit/(Loss) before income tax		(1,585,841)	97,687
Income tax expense		-	-
Profit/(Loss) after income tax		(1,585,841)	97,687
Other comprehensive income			
Item not reclassified subsequently to profit or loss:			
Fair value gain/(loss) on financial assets at fair value through OCI		-	-
Total comprehensive loss for the period		(1,585,841)	97,687
Basic and diluted profit/(loss) per share (cents)		(0.582)	0.036

The accompanying notes form part of the Statement of Comprehensive Income

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	CONSOLIDATED	
		2024	2023
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		4,313,203	5,395,189
Trade and other receivables	3	1,105,123	3,475,309
Prepayments		66,619	227,521
Inventories	4	1,438,228	1,919,423
Current tax asset		34,361	34,361
Total Current Assets		6,957,534	11,051,803
Non-Current Assets			
Property, plant and equipment		2,884,463	2,507,347
Intangible assets		549,499	558,843
Financial assets at fair value through OCI	6	16,400	16,400
Investment in associate	7	1	50,000
Right of use asset		3,574,887	2,193,160
Total Non-Current Assets		7,025,250	5,325,750
TOTAL ASSETS		13,982,784	16,377,553
LIABILITIES			
Current Liabilities			
Trade and other payables	5	1,133,731	3,385,376
Short-term provisions and accruals		611,873	784,444
Lease liabilities		516,959	379,017
Total Current Liabilities		2,262,563	4,548,837
Non-current Liabilities			
Long-term provisions		-	13,712
Lease liabilities		3,312,367	1,821,309
Total Non-Current Liabilities		3,312,367	1,835,021
TOTAL LIABILITIES		5,574,930	6,383,858
NET ASSETS		8,407,854	9,993,695
EQUITY			
Issued capital		18,320,875	18,320,875
Share reserve		191,712	191,712
Profit reserve		356,409	356,409
Financial asset revaluation reserve		50,683	50,683
Accumulated losses		(10,511,825)	(8,925,984)
TOTAL EQUITY		8,407,854	9,993,695

The accompanying notes form part of the Statement of Financial Position

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2024

	Issued Capital	Share Reserve	Profit Reserve	Financial Asset Revaluation Reserve	Accumulated Losses	Total
Balance at 1 July 2022	18,320,875	191,712	356,409	50,683	(9,023,671)	9,896,008
Fair value gain on available- for sale financial assets	-	-	-	-	-	-
	18,320,875	191,712	356,409	50,683	(9,023,671)	9,896,008
Total (Loss) for the year	-	-	-	-	97,687	97,687
Balance at 30 June 2023	18,320,875	191,712	356,409	50,683	(8,925,984)	9,993,695
Balance at 1 July 2023	18,320,875	191,712	356,409	50,683	(8,925,984)	9,993,695
Fair value gain on available- for sale financial assets	-	-	-	-	-	-
	18,320,875	191,712	356,409	50,683	(8,925,984)	9,993,695
Total profit for the year	-	-	-	-	(1,585,841)	(1,585,841)
Balance at 30 June 2024	18,320,875	191,712	356,409	50,683	(10,511,825)	8,407,854

The accompanying notes form part of the Statements of Changes in Equity

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	CONSOLIDATED	
	2024	2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	15,733,123	13,390,512
Payments to suppliers and employees	(18,002,320)	(14,273,111)
Interest received	140,644	8,595
Receipt from insurance	2,233,392	1,000,000
Government grants and tax incentives	-	25,000
Net cash flows provided by operating activities	104,839	150,996
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and investment	413,845	5,050,735
Purchase of property, plant and equipment	(960,157)	(406,944)
Investment	-	-
Net cash flows provided by / used in investing activities	(546,312)	4,643,791
Cash flows from financing activities		
Repayments of borrowings	-	-
Other- AASB 16 Prepayment for the Principal	(640,513)	(683,173)
Net cash flows used in financing activities	(640,513)	(683,173)
Net (decrease) / increase in cash and cash equivalents	(1,081,986)	4,111,615
Cash and cash equivalents at beginning of period	5,395,189	1,283,574
Cash and cash equivalents at end of period	4,313,203	5,395,189

The accompanying notes form part of the Statement of Cash Flows

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In identifying its operating segments, management follows the geographical location of the Group's bottled water business, but show Refresh Plastics separately. Corporate costs are included under "Other". Segment information can be analysed as follows for the reporting period under review.

	WA	NSW	VIC	NT	QLD	Plastics	OTHER (Corporate)	TOTAL
30 June 2024								
Revenue from external customers	4,883,472	3,133,552	2,087,914	62,050	2,836,383	2,448,983	-	15,452,354
EBITDA	354,719	451,178	(60,761)	(342,010)	124,982	(275,951)	(725,001)	(472,844)
Depreciation Expense	(376,452)	(179,281)	(239,689)	(1,725)	(259,525)	(9,487)	-	(1,066,159)
Finance Income	39,535	-	-	-	948	3,532	96,629	140,644
Finance Costs	(49,948)	(5,315)	(93,462)	-	(38,757)	-	-	(187,482)
Segment operating profit/(loss)	(32,146)	266,582	(393,912)	(343,735)	(172,352)	(281,906)	(628,372)	(1,585,841)
Total assets	5,765,479	895,773	2,769,983	400,526	1,859,943	646,921	1,644,159	13,982,784
Total liabilities	2,191,531	230,347	1,731,887	-	1,124,768	185,683	110,714	5,574,930
30 June 2023								
Revenue from external customers	3,949,551	2,849,008	1,636,489	1,677,235	2,555,539	1,817,861	-	14,485,683
EBITDA	263,096	375,604	100,912	756,361	349,009	(33,310)	(602,342)	1,209,330
Depreciation Expense	(319,449)	(58,851)	(74,318)	(51,941)	(172,809)	(362,173)	(2)	(1,039,543)
Finance Income	3,615	-	-	-	203	477	4,300	8,595
Finance Costs	(38,187)	(8,342)	-	-	(25,387)	(8,779)	-	(80,695)
Segment operating profit/(loss)	(90,925)	308,411	26,594	704,420	151,016	(403,785)	(598,044)	97,687
Total assets	7,439,660	1,470,430	1,121,018	1,112,331	1,875,578	2,863,487	495,048	16,377,552
Total liabilities	1,563,957	656,175	184,745	189,157	1,010,385	2,473,026	306,412	6,383,857

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES

	CONSOLIDATED	
	2024	2023
	\$	\$
a. Revenue		
Production and distribution of bottled water and accessories	13,003,371	12,667,822
Production and distribution of plastic products	2,448,983	1,817,861
	<u>15,452,354</u>	<u>14,485,683</u>
b. Cost of Sales		
Inventory expensed	10,481,788	9,253,471
Inventory write-off/(write-back)	(283,488)	(24,934)
	<u>10,198,300</u>	<u>9,228,537</u>
c. Finance Income		
Interest received	140,644	8,595
	<u>140,644</u>	<u>8,595</u>
d. Finance Costs		
Finance charges payable under finance leases and hire purchase contracts	187,482	80,695
	<u>187,482</u>	<u>80,695</u>
e. Employee Benefits Expense		
Wages and salaries	4,694,468	4,936,905
Workers compensation costs	74,977	109,654
Superannuation costs	443,294	468,179
Provisions for annual and long service leave	(176,853)	(36,793)
Other employee benefits expense	321,630	269,784
	<u>5,357,516</u>	<u>5,747,729</u>
f. Depreciation & Amortisation		
Depreciation expense	1,066,159	1,036,214
Amortisation-trademark	-	3,329
	<u>1,066,159</u>	<u>1,039,543</u>

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2024	2023
	\$	\$
Current		
Trade receivables	1,106,230	1,322,637
Provision for expected credit losses	(11,649)	(12,824)
Other receivables	10,542	2,165,496
	<u>1,105,123</u>	<u>3,475,309</u>

Movement in the provision for expected credit losses of trade receivables:

Balance at the beginning of the year	12,824	16,327
Additional provision for expected credit losses of trade receivables	-	(789)
Receivables written off during the year as uncollectable	(1,175)	(2,714)
Balance at the end of the year	<u>11,649</u>	<u>12,824</u>

Allowance for expected credit losses

The Group has recognised \$1,175 (2023: \$2,714) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

4. INVENTORIES

	CONSOLIDATED	
	2024	2023
	\$	\$
Raw materials (at cost)	831,475	1,127,987
Finished goods (at cost)	606,753	831,320
Total inventories at cost	1,438,228	1,959,307
Provision for slow moving inventories	-	(39,884)
	<u>1,438,228</u>	<u>1,919,423</u>

The total inventory write-off of \$283,488 for slow moving and obsolete items utilized the carrying provision of \$39,884 from FY23.

5. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2024	2023
	\$	\$
Current		
Trade payables	735,098	3,008,731
Other payables	398,633	376,645
	<u>1,133,731</u>	<u>3,385,376</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms.

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

On 30 June 2024, Refresh Eneco owns 16,400,000 shares in Eve Health Group Ltd, which is listed on the Australian Securities Exchange (ASX:EVE). This is carried in its books at \$0.001 per share, being the last traded price on ASX on 30 June 2024. The fair value changes have been accounted for through OCI.

7. INVESTMENT IN ASSOCIATE

The investee company Jas Refresh Pty Ltd, has been incurring losses for several years with no immediate plans for recovery. Consequently, the investment was written down to \$1 in FY24 to reflect the unsuccessful project.

8. ACQUISITION

Nil.

9. SIGNIFICANT EVENTS

In FY24, a total Insurance settlement of \$2,233,392 was received for the property damage and business interruption resulting from the 2023 fire. During the same period, \$1,790,000 was paid to CSA Specialised Services for the environmental clean-up following the fire. Additionally, claim preparation cost of \$60,874 related to the insurance settlements were recorded as one-off expenses.

Relocation costs of \$70,782 were incurred in Victoria due to the move from Keysborough warehouse to Dandenong following the fire.

To reflect the net realisable value of inventory, a total write-off of \$283,488 was recorded for slow moving and obsolete items, including a carrying provision of \$39,884.

The Darwin branch ceased the production on 30 June 2023, but the sales for Darwin plants and equipment, and inventories was completed in August 2023. The exist costs amounted to \$228,990, with a loss of \$104,894 resulting from sales of the plant and equipment.

10. EVENTS AFTER THE BALANCE SHEET DATE

Nil.

11. CONTINGENT ASSETS & LIABILITIES

There is no contingent liability between 30 June 2024 and the date of this report.

12. BASIS FOR PREPARATION

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted in the preparation of the annual financial report.

13. UNAUDITED APPENDIX 4E

This report is in the process of being audited.