



Eneco Refresh Limited (ACN 079 681 244)
17 Denninup Way, Malaga WA 6090
Tel: (08) **9248 3006** Fax: (08) 9248 7233
Email: info@eneco-refresh.com.au
Website: www.eneco-refresh.com.au

Appendix 4E

Preliminary Final Report period ending 30 June 2020

Results for announcement to the market

Financial Results			June 2020	June 2019
Revenue from ordinary activities	Up	24%	11,284,764	9,086,063
Comprehensive (Loss) from ordinary activities after tax attributable to members	Down	6%	(1,044,466)	(1,108,409)

Dividends	2020 Final Dividend	2019 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 2020	June 2019
Net tangible asset backing per ordinary security	\$0.04	\$0.04

COMMENTARY

Eneco Refresh Ltd (Group) is pleased to announce that it has achieved a 24% increase in revenue and trimmed its loss by 6% compared to the previous financial year. The effect of COVID-19 lockdowns have been felt across the country and have impacted on our sales. However, the Group has done well despite being in the midst of the pandemic. The Federal and State government packages have helped in reducing losses.

Refresh Waters

60% of revenue for Refresh Waters comes from the delivery of bulk water to homes and businesses. Unfortunately, many businesses have been closed or started working from home arrangements in March 2020. This has had a significant impact on our business delivery.

Despite this, all Cash Generating Units have had revenue increases except for New South Wales (NSW) which had a negative revenue variance because of a substantial drop in our custom labelled bottled water sales. Fortunately, profit only dropped by 1%, and NSW remains our most profitable branch.

With the pick up in mining activities, Western Australia (WA) had a 4% revenue growth and achieved a good profitability variance of 842% compared to the previous year.

Victoria (VIC) had a marginal revenue increase reflecting a reduced profit. Sales from our acquisition of JB's Purified Drinking Water only started to flow through in June 2020 and so have not yet been reflected in the accounts,

Queensland (QLD) saw an increase in revenue although numbers on the table below have a high variance because the previous period was for half a year; our buyback of the operation having only happened on 2 January 2019. Going forward, it will continue to contribute profit to the Group profitability. Unfortunately, we had to impair Goodwill in Queensland, adding \$244k to our loss.

NT Beverages' business in Darwin was acquired on 3 April 2019. This is the biggest factory in Refresh Waters and we continue to build up sales. However, losses from its first full year of operation have weighed heavily on our financials, being more than half of our total loss. NT Beverages lost \$23 million over its 4 years of operations before going into receivership and being acquired by Refresh Waters. We have already seen significantly reduced losses since acquisition. We are confident that we will steer it towards profitability.

Refresh Plastics

Refresh Plastics had a good 27% increase in sales, helping to halve its loss. Sales of our bottles, containers, and jerrycans remain strong as more sanitisers and disinfectants are being made locally. The lockdowns have resulted in parents finding more ways to keep their children occupied. Demand for our Ampii activity toys continue to be strong with revenue more than double compared to the same period last year.

Corporate

Corporate cost has reduced substantially, the previous year being higher because of expenses when Eneco took a 51% stake in the Company.

A breakdown by Cash Generating Units is presented below.

COMMENTARY (continued)

	FY 2020	FY2019	
	<u>\$'000</u>	<u>\$'000</u>	<u>Variance</u>
<u>Revenue</u>			
WA	2,981	2,879	4%
NSW	1,875	2,042	-8%
VIC	1,263	1,234	2%
QLD ¹	<u>1,836</u>	<u>889</u>	107%
Refresh Waters	7,955	7,044	13%
Refresh Plastics	<u>2,470</u>	<u>1,946</u>	27%
	10,425	8,990	16%
NT ²	<u>860</u>	<u>96</u>	796%
Total	<u>11,285</u>	<u>9,086</u>	24%
<u>Profit/(Loss)</u>			
WA	179	19	842%
NSW	203	206	-1%
VIC	68	143	-52%
QLD ¹	<u>57</u>	<u>-1</u>	5800%
Refresh Waters	507	367	38%
Refresh Plastics	<u>-266</u>	<u>-462</u>	42%
	241	-95	-354%
NT ²	<u>-567</u>	<u>51</u>	-1212%
	-326	-44	641%
Goodwill Impairment	-244	-344	-29%
Corporate Expenses	<u>-474</u>	<u>-720</u>	34%
Total	<u>-1,044</u>	<u>-1,108</u>	

¹ consolidated only from 2 Jan 2019

² acquired business on 3 Apr 2019

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED 2020 \$	2019 \$
Revenue	2a	11,284,764	9,086,063
Cost of Sales	2b	(6,960,122)	(4,943,005)
Gross Profit		4,324,642	4,143,058
Other Income		366,971	19,622
Marketing Expenses		(715,347)	(723,213)
Distribution Expenses		(1,637,376)	(1,402,907)
Administrative Expenses		(2,138,033)	(1,836,108)
Occupancy Expenses		(1,042,005)	(826,846)
Share of Net Profit of associate		-	15,808
Loss on remeasuring previously held investment		-	(344,356)
Impairment of Goodwill		(243,549)	-
Results from operating activities		(1,084,697)	(954,942)
Finance Income	2c	37,657	18,265
Finance Costs	2d	(34,480)	(60,570)
(Loss) before income tax		(1,081,520)	(997,247)
Income tax expense		-	-
Profit/ (Loss) for the year from continuing operations		(1,081,520)	(997,247)
(Loss) after income tax		(1,081,520)	(997,247)
Other comprehensive income			
Fair value (loss) on financial assets at fair value through OCI		37,054	(111,162)
Total comprehensive loss for the period		(1,044,466)	(1,108,409)
Basic earnings/(loss) per share (cents per share)		(0.40)	(0.56)

The accompanying notes form part of the Statement of Comprehensive Income

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	CONSOLIDATED	
		2020	2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,426,733	2,264,877
Trade and other receivables	3	1,167,604	988,632
Prepayments		106,557	89,755
Inventories	4	2,067,551	2,107,655
Current tax asset		34,361	34,903
Total Current Assets		4,802,806	5,485,822
Non-Current Assets			
Property, plant and equipment		6,768,068	7,023,878
Intangible assets		562,171	704,798
Financial assets at fair value through OCI	7	222,324	185,270
Investment in associate		50,000	-
Right of use asset		1,831,383	-
Total Non-Current Assets		9,433,946	7,913,946
TOTAL ASSETS		14,236,752	13,399,768
LIABILITIES			
Current Liabilities			
Trade and other payables	5	734,418	827,582
Financial liabilities		232,906	261,355
Short-term provisions and accruals		964,918	660,033
Lease liabilities		313,300	-
Total Current Liabilities		2,245,542	1,748,970
Non-current Liabilities			
Financial liabilities		200,000	419,490
Long-term provisions		63,017	48,242
Lease liabilities		1,589,593	-
Total Non-Current Liabilities		1,852,610	467,732
TOTAL LIABILITIES		4,098,152	2,216,702
NET ASSETS		10,138,600	11,183,066
EQUITY			
Issued capital		18,320,875	18,320,875
Reserves		191,712	191,712
2014 profit reserve		356,409	356,409
Financial asset revaluation reserve		(74,108)	(111,162)
Accumulated losses		(8,656,288)	(7,574,768)
TOTAL EQUITY		10,138,600	11,183,066

The accompanying notes form part of the Statement of Financial Position

PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2020

	Issued Capital	Other Reserves	Financial Assets Revaluation Reserve	2014 Profit Reserve	Accumulated Losses	Total
Balance at 1 July 2018	10,495,698	191,712	-	356,409	(6,577,521)	4,466,298
Issue of share capital	8,234,165	-	-	-	-	8,234,165
Equity fund raising costs	(408,988)	-	-	-	-	(408,988)
Fair value gain/(loss) on available-for sale financial assets	-	-	(111,162)	-	-	(111,162)
	18,320,875	191,712	(111,162)	356,409	(6,577,521)	12,180,313
Total Profit/(Loss) for the year	-	-	-	-	(997,247)	(997,247)
Balance at 30 June 2019	<u>18,320,875</u>	<u>191,712</u>	<u>(111,162)</u>	<u>356,409</u>	<u>(7,574,768)</u>	<u>11,183,066</u>
 Balance at 1 July 2019	18,320,875	191,712	(111,162)	356,409	(7,574,768)	11,183,066
Issue of share capital	-	-	-	-	-	-
Equity fund raising costs	-	-	-	-	-	-
Fair value gain/(loss) on available-for sale financial assets	-	-	37,054	-	-	37,054
	18,320,875	191,712	(74,108)	356,409	(7,574,768)	11,220,120
Total Profit/(Loss) for the year	-	-	-	-	(1,081,520)	(1,081,520)
Balance at 30 June 2020	<u>18,320,875</u>	<u>191,712</u>	<u>(74,108)</u>	<u>356,409</u>	<u>(8,656,288)</u>	<u>10,138,600</u>

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 2020

	CONSOLIDATED	
	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	11,585,583	9,566,541
Payments to suppliers and employees	(12,215,499)	(10,548,494)
Borrowing costs	(34,480)	(60,570)
Interest received	37,657	18,265
Government grants and tax incentives	344,883	-
Net cash flows provided by operating activities	(281,856)	(1,024,258)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and investment	70,642	41,683
Acquisition of a subsidiary, net of cash acquired	-	(401,827)
Purchase of property, plant and equipment	(228,612)	(4,287,992)
Investment	(50,000)	-
Intellectual property	(100,380)	-
Net cash flows provided by/(used in) investing activities	(308,350)	(4,648,136)
Cash flows from financing activities		
Proceeds from issue of shares	-	8,234,165
Proceeds from borrowings	-	106,309
Share issue expenses	-	(408,988)
Repayments of borrowings	(247,938)	(372,343)
Net cash flows provided by/(used in) financing activities	(247,938)	7,559,143
Net increase / (decrease) in cash and cash equivalents	(838,144)	1,886,749
Cash and cash equivalents at beginning of period	2,264,877	378,128
Cash and cash equivalents at end of period	1,426,733	2,264,877

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 2020

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 2020								
Revenue from external customers	2,980,956	1,874,603	1,263,191	860,582	1,835,660	2,469,772	-	11,284,764
EBITDA	343,596	251,972	121,981	(553,651)	(98,866)	(198,867)	(518,250)	(652,085)
Depreciation Expense	(163,635)	(48,654)	(53,701)	(13,521)	(87,929)	(68,351)	-	(435,791)
Finance Income	701	-	-	-	421	859	35,676	37,657
Interest Expense	(2,100)	-	-	-	-	-	(32,380)	(34,480)
Segment operating profit/(loss)	178,562	203,319	68,280	(567,172)	(186,374)	(266,359)	(514,954)	(1,084,698)
<i>Material items include:</i>								
Impairment of goodwill	-	-	-	-	(243,549)	-	-	(243,549)
Total assets	2,684,144	843,021	595,001	4,418,801	1,137,666	3,560,754	997,366	14,236,752
Total liabilities	947,455	119,076	710	-	96,866	2,273,974	660,071	4,098,152
30 June 2019								
Revenue from external customers	2,878,494	2,041,804	1,234,217	96,693	889,098	1,945,756	-	9,086,063
EBITDA	167,153	254,446	193,094	52,691	36,254	(399,129)	(896,039)	(591,530)
Depreciation Expense	(162,820)	(48,008)	(49,971)	(2,011)	(37,795)	(62,807)	-	(363,412)
Finance Income	8,845	-	-	-	19	108	9,293	18,265
Interest Expense	(9,814)	-	-	-	114	-	(50,870)	(60,570)
Segment operating profit/(loss)	3,364 ¹	206,438	143,123	50,680	(1,408)	(461,828)	(937,616)	(997,247)
<i>Material items include:</i>								
Loss on remeasuring previously held investment	-	-	-	-	-	-	(344,356)	(344,356)
Total assets	2,366,405	764,852	497,692	4,328,607	1,400,285	1,839,614	2,167,409	13,364,865
Total liabilities	905,963	3,118	1,029	-	85,113	393,824	792,752	2,181,799

¹ Includes Profit from Associate

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

	CONSOLIDATED	
	2020	2019
	\$	\$
a. Revenue		
Sale of bottled water, accessories and beverages; plastics blow moulding	11,284,764	9,086,063
	<u>11,284,764</u>	<u>9,086,063</u>
b. Cost of Sales		
Inventory expensed	6,994,137	5,051,686
Inventory write-off/(write-back)	(34,015)	(108,681)
	<u>6,960,122</u>	<u>4,943,005</u>
c. Finance Income		
Interest received	37,657	18,265
	<u>37,657</u>	<u>18,265</u>
d. Finance Costs		
Finance charges payable under finance leases and hire purchase contracts	34,480	60,570
	<u>34,480</u>	<u>60,570</u>
e. Employee Benefits Expense		
Wages and salaries	2,687,188	2,486,525
Workers compensation costs	94,055	78,547
Superannuation costs	391,646	302,604
Provisions for annual and long service leave	82,180	3,631
Other employee benefits expense	242,451	-
	<u>3,497,520</u>	<u>2,871,307</u>
f. Depreciation & Amortisation		
Depreciation expense	435,791	363,412
	<u>435,791</u>	<u>363,412</u>

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2020	2019
	\$	\$
Current		
Trade receivables	1,039,089	876,929
Provision for impairment of receivables	(23,409)	(15,378)
	1,015,680	861,551
Other receivables	151,924	127,081
	1,167,604	988,632

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
Consolidated 2020						
Trade receivables	1,039,089	23,409	271,187	77,226	-	667,267
Other receivables	151,924	-	-	-	-	151,924
	1,191,013	23,409	271,187	77,226	-	819,191
2019						
Trade receivables	876,929	15,378	280,509	23,581	-	557,461
Other receivables	127,081	-	-	-	-	127,081
	1,004,010	15,378	280,509	23,581	-	684,542

4. INVENTORIES

	CONSOLIDATED	
	2020	2019
	\$	\$
Raw materials (at cost)	1,290,715	1,379,155
Finished goods (at cost)	817,587	774,052
Total inventories at cost	2,108,302	2,153,207
Provision for slow moving inventories	(40,751)	(45,552)
	2,067,551	2,107,655

PRELIMINARY FINAL REPORT
NOTES TO AND FORMING PART OF PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020	2019
	\$	\$
Current		
Trade payables	520,970	573,918
Other payables	213,448	253,664
	<u>734,418</u>	<u>827,582</u>

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

6. ACQUISITION

On 1 June 2020, Eneco Refresh bought the business of JB's Purified Drinking Water in Melbourne. This is made up of:

Goodwill	\$98,950
Stock	<u>\$ 50</u>
	<u>\$99,000</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 30 June 2020, Refresh Eneco owns 37,053,974 shares in Eve Investments Ltd, which is listed on the Australian Securities Exchange (ASX:EVE). This is carried in its books at \$0.006 per share, being the last traded price on ASX as at 30 June 2020.

8. SIGNIFICANT EVENTS

Nil

9. EVENTS AFTER THE BALANCE SHEET DATE

Nil

10. CONTINGENT ASSETS & LIABILITIES

There is no contingent liability between 30 June 2020 and the date of this report.

11. 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.

12. UNAUDITED APPENDIX 4E

This report is in the process of being audited.