

FY23 HALF YEAR RESULTS PRESENTATION

FEBRUARY 2023

ASX: SES

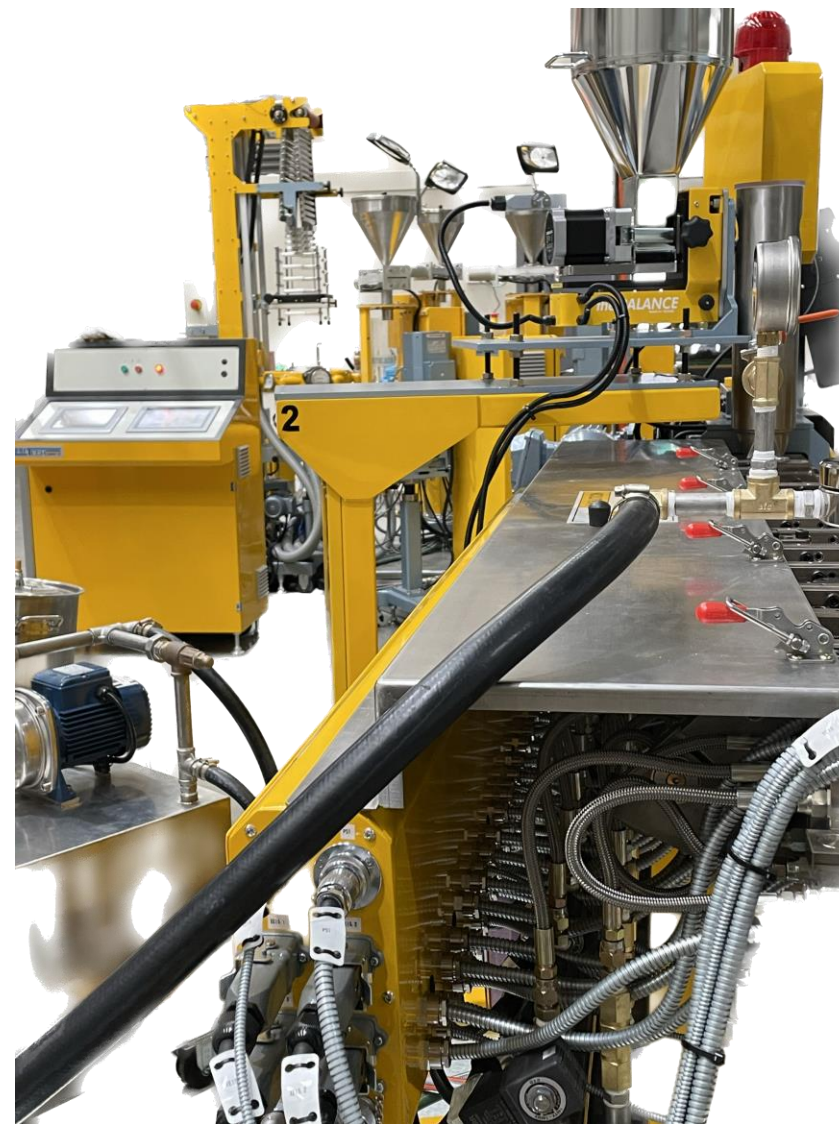
CHANGING THE WORLD OF PACKAGING

Agenda

- Highlights & Operational Review
- Financial Summary
- Strategy & Outlook



HIGHLIGHTS & OPERATIONAL REVIEW

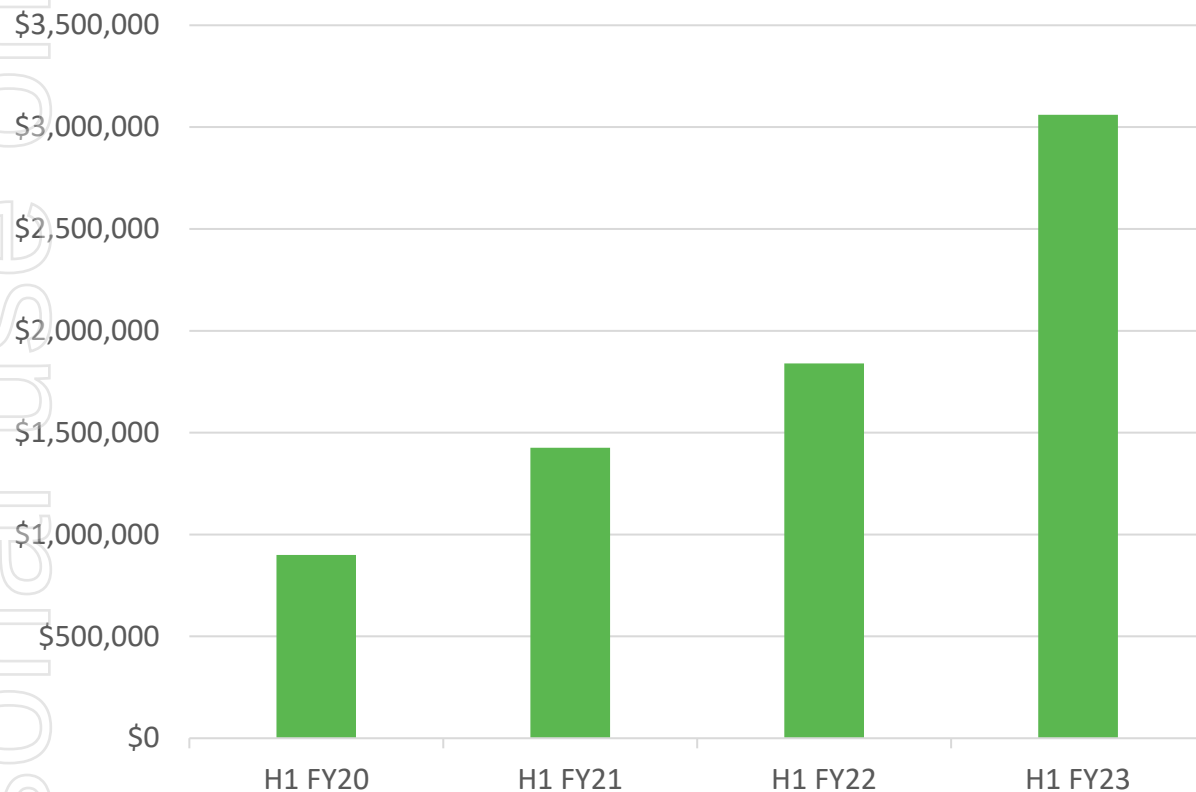


STRATEGY ACHIEVES CRITICAL MILESTONES

- **Market leading MyEco®** Branded products now distributed through over **2000 stores**
- **Exclusive sales agreement** with Jewett Cameron (JCC) for supply of MyEcoWorld® into USA and Canada with sales target of US\$2.8m (AU\$4.0m) to maintain exclusivity.
- **JCC** has relaunched their Lucky Dog® products into the US market with sales in this category growing
- Three Biopolymer plants with capacity to deliver **\$50m to \$60m sales revenue**
- R&D Centre driving **new product development** to support sales pipeline
- Multi distribution channels offering access to over **25 markets**
- **Fully integrated value chain** offering flexible options to enter new markets
- Achieved **EcoVardis certification**, a key ranking of ESG performance

H1 REVENUE ANALYSIS BY PRODUCT SEGMENT

COMPOSTABLE BAGS - RETAIL AND WHITE LABEL



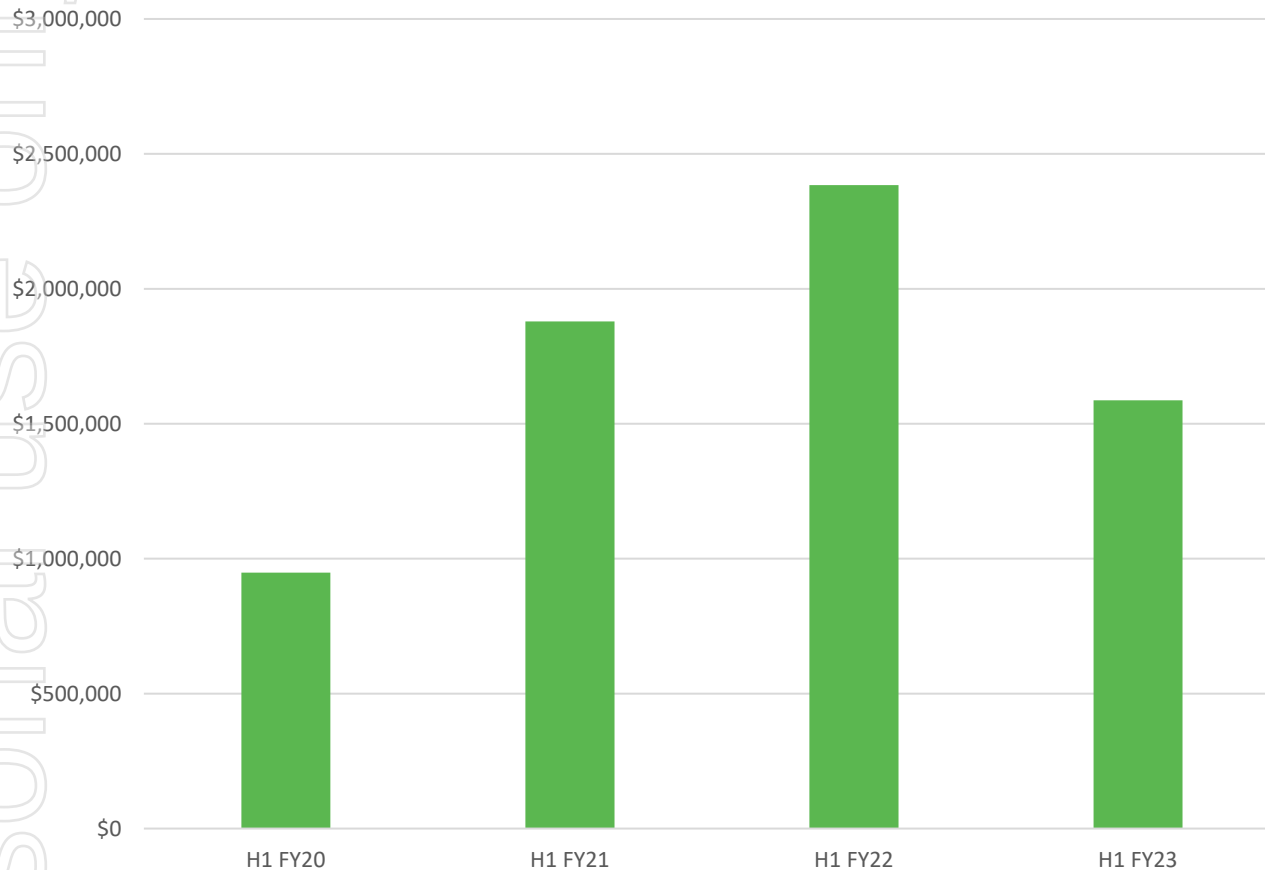
¹ IRI Scan Data between 16/11/22 to 7/2/23

² Quantum Scan Data between 11/2/22 to 9/2/23

- H1 FY23 MyEco® Retail sales achieved a **record result** with over \$1m in sales for H1 FY23
- Over **100% growth** of MyEco® retail brand sales in major retailers and independent distributors in the past 12 months vs PCP
- Scale of MyEco® Branded products now exceeding **2000 stores** comprising 970 Woolworths stores, 770 Coles Stores and independent distributors
- MyEcoBag® maintains its position as the **number one brand** within Woolworths¹ compostable bin liner and kitchen caddy sales, representing **35% of sales** in this category
- MyEcoBag® range achieved **24% of all Coles²** compostable bin liner and kitchen caddy sales in twelve weeks since the launch in November 2022
- **EzyDog** sales of Login® branded dog waste bags launched into major pet stores across Australia with sales growing”

H1 REVENUE ANALYSIS BY PRODUCT SEGMENT

COMPOSTABLE BAGS - COUNCIL & WASTE

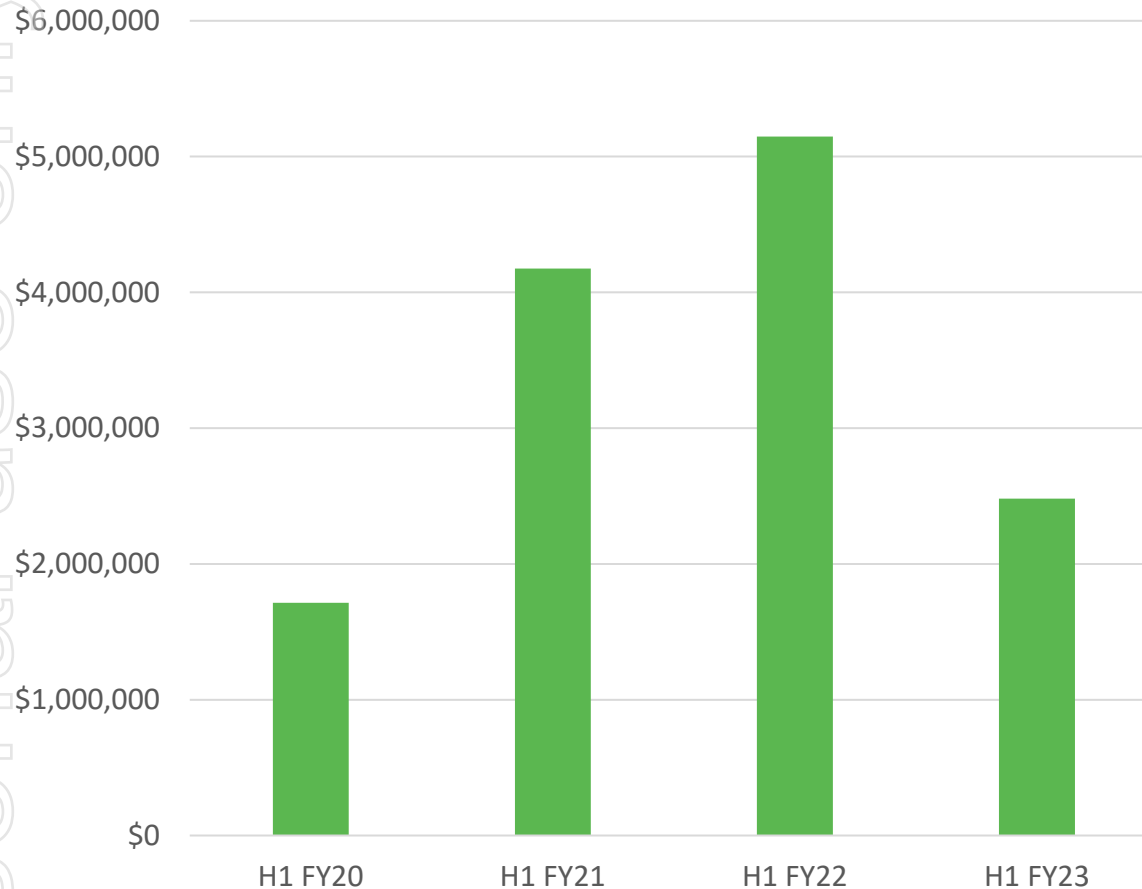


H1 FY23 Councils sales impacted with growth expected to continue in H2 FY23:

- Sales to Councils slowed during H1 FY23 due to impacts from supply chain and Covid19 disruption during the prior six to twelve month period
- Current FOGO tender pipeline indicates council and waste sales will grow during next half year with SECOS well positioned to compete in this segment
- FOGO rollout programs are expected to continue as more local governments push to achieve their 2025 Sustainability targets
- FOGO opportunities are starting to develop in other markets including NZ and USA

H1 REVENUE ANALYSIS BY PRODUCT SEGMENT

COMPOSTABLE RESIN SALES

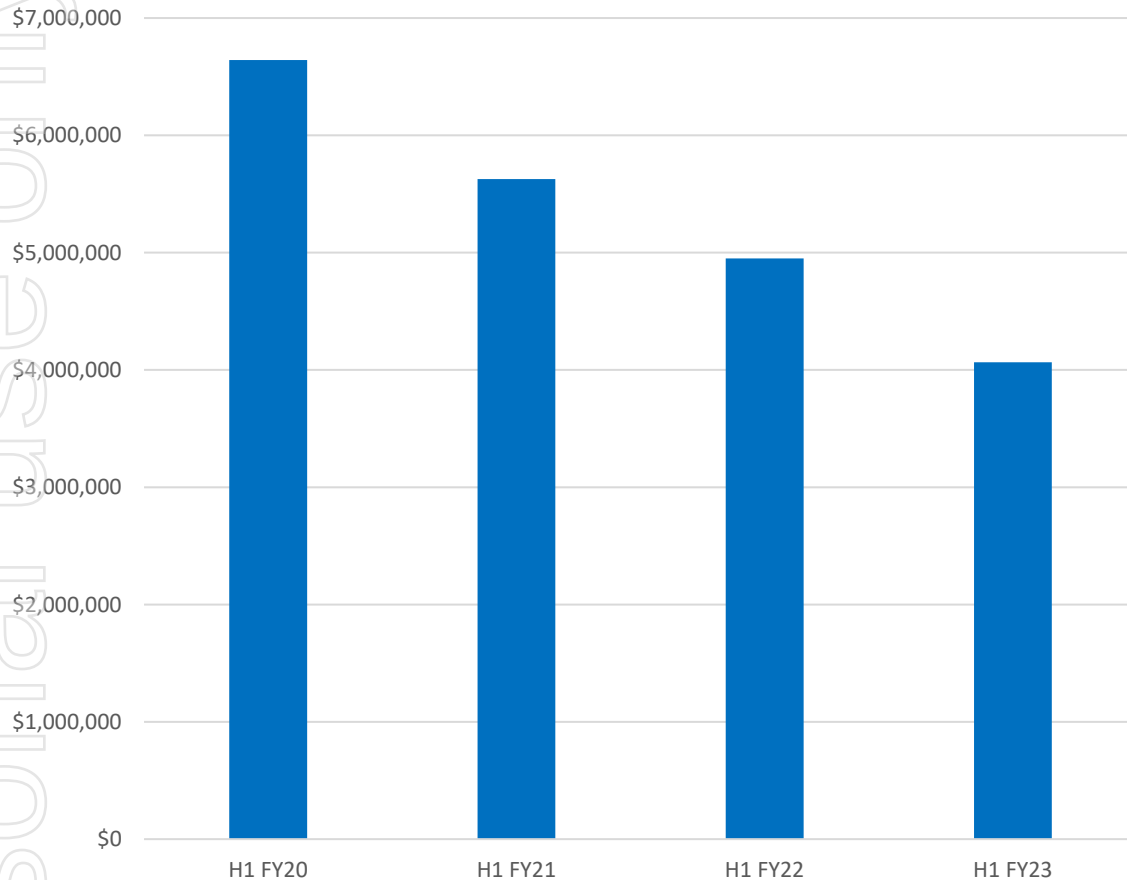


H1 FY23 Bio-resin sales reduced due to excess inventory caused by supply chain disruption during prior year

- Excess inventory of bio-resin held at a major converter in LATAM causing slower resin sales orders as excess stock is being consumed
- Growth in bio-resin sales not expected to recommence until excess stock has been sold out or greatly reduced
- LATAM converters remain highly committed to increasing sales results in this region
- Efforts are underway to increase resin distribution including the recent addition of a large middle-eastern distributor already generating sales

H1 REVENUE ANALYSIS BY PRODUCT SEGMENT

TRADITIONAL PLASTIC SALES



H1 FY23 Traditional plastic sales continue to decline in line with the SECOS' strategy to reduce single use plastic in the environment:

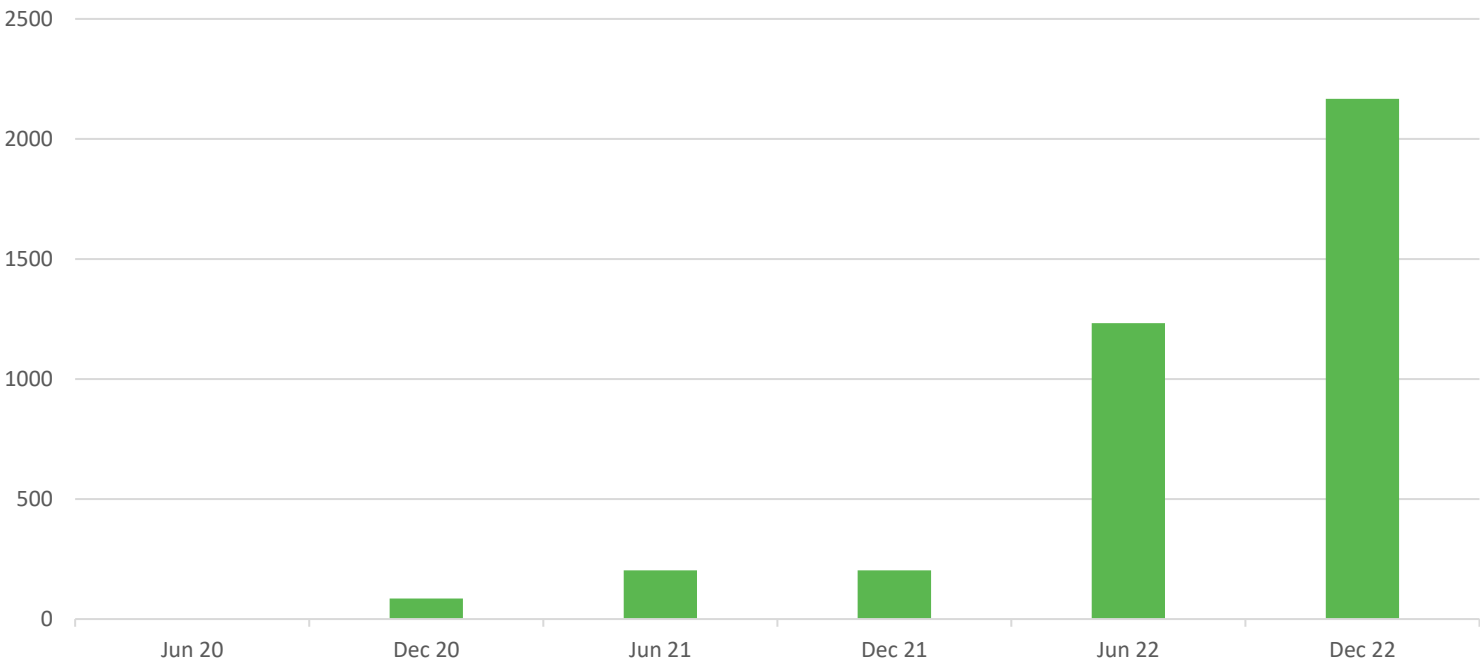
- SECOS remains committed to strategically reducing low margin traditional plastic sales
- Reducing low margin traditional plastic sales has provided improved working capital for the group with over three consecutive quarters of positive operating cash flow reported to 31 Dec 2022
- SECOS has developed a plan and is in the process of customer testing bioplastic film products off its' existing traditional plastic cast product lines

MYECO® HIGHLIGHTS

- Over **100% growth** in MyEco® Branded products significantly offset major impacts to the group's other segments including resin and council sales
- SECOS to expand the highly successful MyEco® product range with a new product launch expected during H2 FY23



Growth in Retail Store Numbers



EXCLUSIVE SALES AGREEMENT WITH JCC



- For the supply of **MyEcoWorld®** product range and other converted compostable products in USA and Canada
- Jewett Cameron (JCC) will launch MyEcoWorld® branded range to **major US retailers**
- Effective 31 March 2023, sales target of **US\$2.8m (AU\$4.0m)** in 12 months to maintain exclusivity with increase in subsequent years
- In addition to the supply of MyEcoWorld®, JCC will continue sales of **Lucky Dog** branded pet waste bags manufactured by SECOS' white label division

CURRENT MARKETS DRIVING SALES GROWTH

Market	Product	Sales Channel	Branding	Status
Australia	Compostable Bags - Retail	Direct Major Retailers (Coles/Woolworths)	MyEcoBag®	In Market/Growing
	Council FOGO Bags	Direct to Council	Cardia®	In Market/Growing
	Compostable Pet Waste Bags	White Label (EzyDog)	Login®	In Market/Growing
	Compostable Range	Ecommerce	MyEco®	In Market/Developing
	Compostable Courier	Direct	MyEco®	Soon to launch
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development
USA	Compostable Pet Waste Bags	White Label (JCC)	Lucky Dog®	In Market/Growing
	Compostable Bin Liners	Direct via Distributor (JCC)	MyEcoWorld	Soon to launch
	Compostable Resin	Direct to Converter	Cardia®	In Market/Developing
	Compostable Pallet Wrap	Direct via Distributor (JCC)	Cardia®	In Development
LATAM	Compostable Resin	Exclusive Distributor (ISOI) & Appointed Sub-Agent across several countries	Cardia Resin®	In Market/Growing
	Compostable Films	Direct to Customer	White Label	In Market/Developing
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development
Malaysia	Compostable Bags	White Label	White Label	Soon to launch
	Compostable Resin/Films	Direct to Converter	Cardia Resin®	In Market/Growing
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development
China	Compostable Bags	White Label	White Label	In Market/Developing
	Compostable Resin/Films	Direct to Converter	Cardia Film®	In Market/Developing
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development
Middle East	Compostable Resin/Films	Direct to Converter	Cardia Resin®	In Market/Developing
	Compostable Pet Waste Bags	Direct to Retailers	White label	Soon to launch
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development
Europe	Compostable Resin/Films	Direct to Converter	Cardia Resin®	In Market/Developing
	Compostable Bags	Direct to Retailers	MyEco®	Soon to launch
	Compostable Pallet Wrap	Direct to Customer	Cardia®	In Development

FULLY INTEGRATED VALUE CHAIN

- SECOS has a fully vertically integrated production capability from raw materials to the finished product
- Integration provides cost and supply chain efficiencies, flexibility around asset utilisation and participation in the full value chain
- At each step in the process, SECOS can sell to converters for their own use or produce and consume intermediaries internally to manufacture and sell end-products, either in the form of compostable resin, film or bags to its own customers



Cardia Biopolymer
Resin

Cardia Biopolymer Film

Film converted to bags

Direct sales under
MyEco^R Brand

B2B

Sold to converters

B2B

Sold to converters such as
Hygiene & Form fill & seal
users; Branded users

B2B

Sold to directly to
retailers under Cardia
or retail brands

B2B & B2C

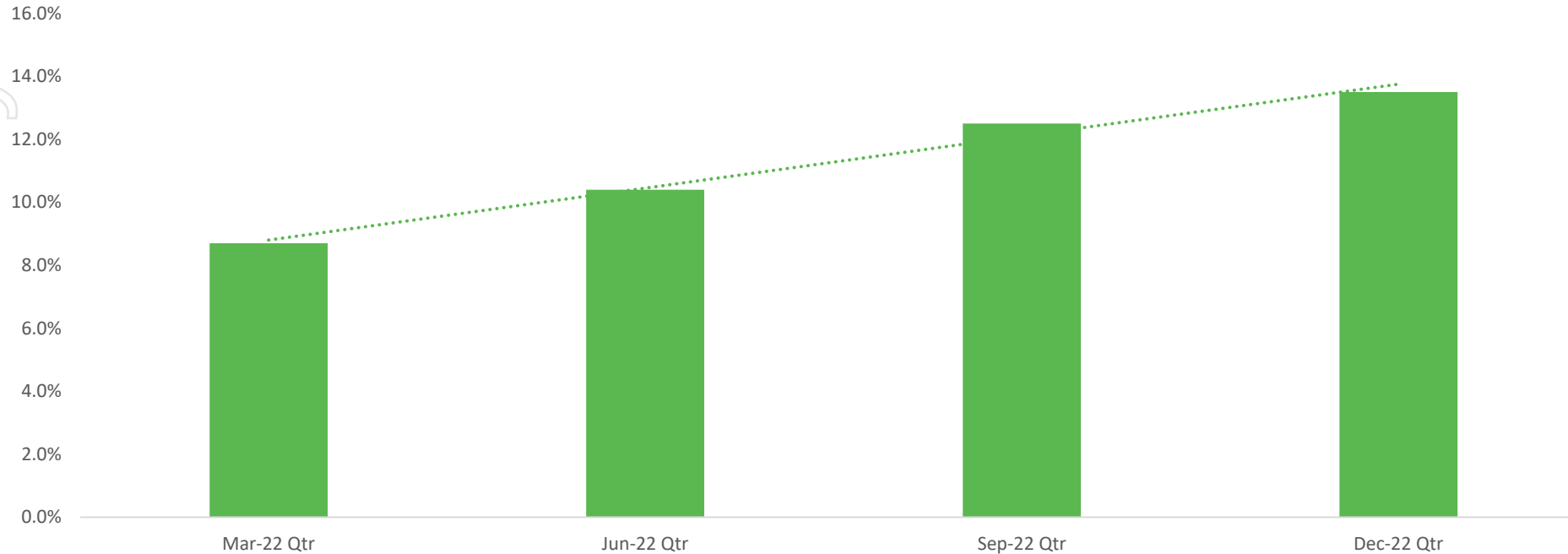
Sold to directly to retailers and
direct under MyEcoBagTM or
MyEcoWorldTM;

FINANCIAL SUMMARY



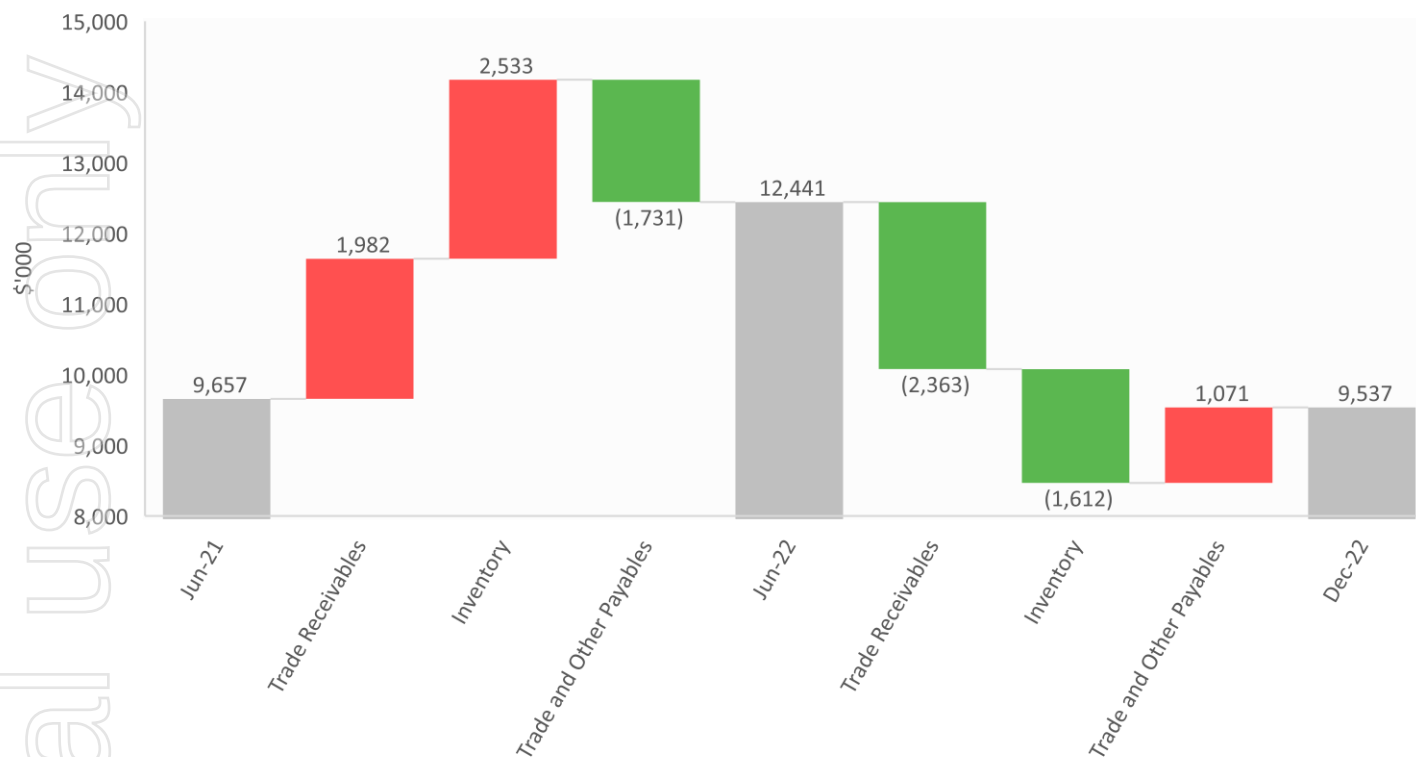
FY22 GROSS MARGIN IMPACT AND RECOVERY IN FY23

Gross Margin (%) by Quarter



- Key raw material and freight costs continue to normalise, which will further support stronger product margins going forward.
- Strategic decision to reduce low margin traditional plastic sales has led to higher group margin

WORKING CAPITAL AND CASH FLOW



Positive Operating Cash Flow in H1 FY23 assisted by:

- management of working capital
- improving fulfilment timelines and
- a heightened focus on customer collections

Cash Flow Movement

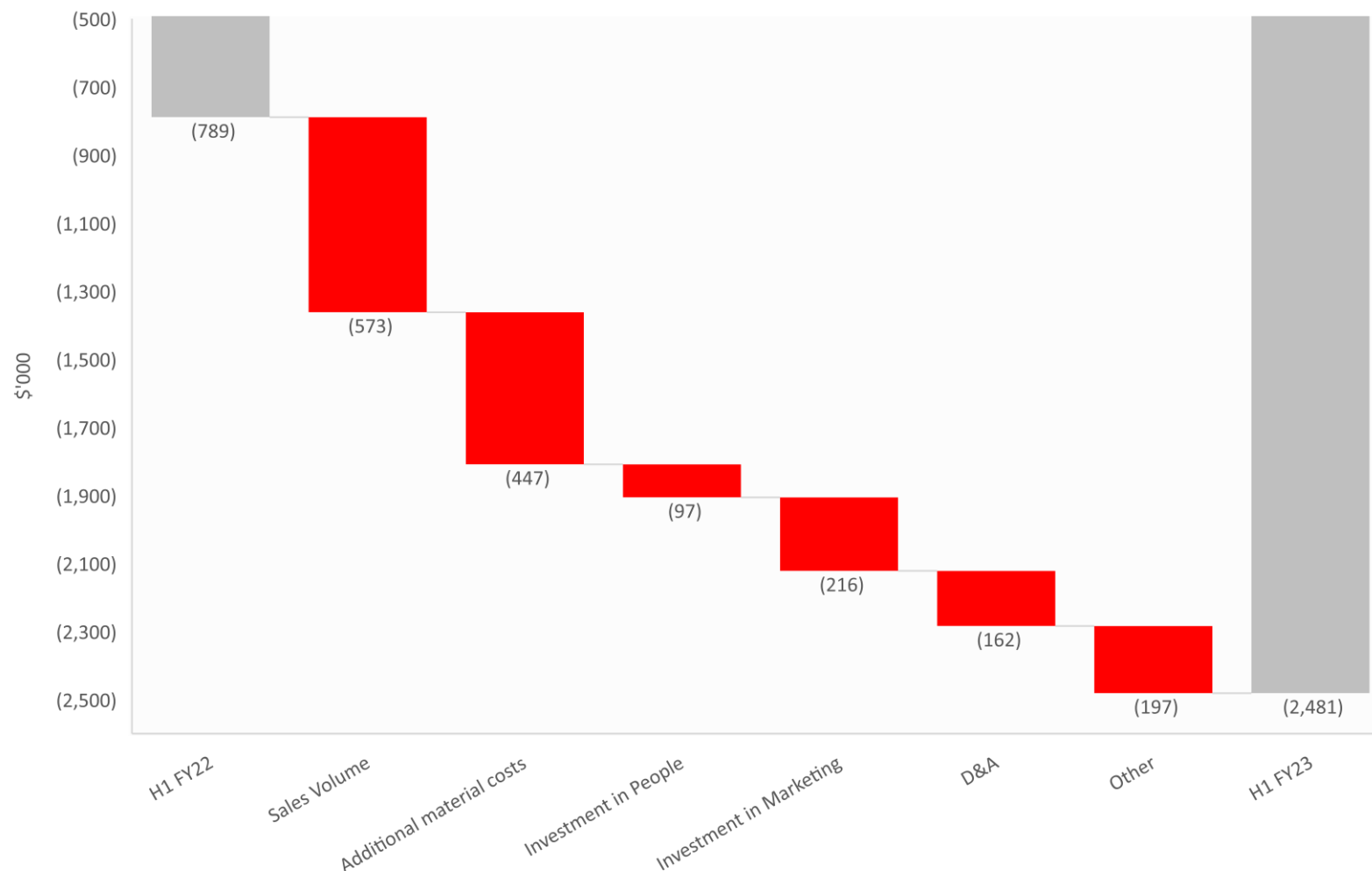
\$'000	H1 FY23	H1 FY22
Cash Flows from Operating Activities	1,137	(2,529)
Cash Flows from Investing Activities	(372)	(1,218)
Cash Flows from Financing Activities	(396)	(389)
Net Cash Movement	369	(4,136)
Foreign Exchange	9	(79)
Closing Cash	4,500	7,072

- SECOS remains **debt free** with **\$4.5m cash** as of 31 December 2022

NET PROFIT AFTER TAX MOVEMENT

H1 FY23 NPAT was impacted by:

- Decrease in **sales volumes** including strategic decision to reduce low margin traditional plastic sales
- \$0.4m in **material costs** increases
- Increase of \$0.3m in **marketing and people investment** to support growth and research and development competency.

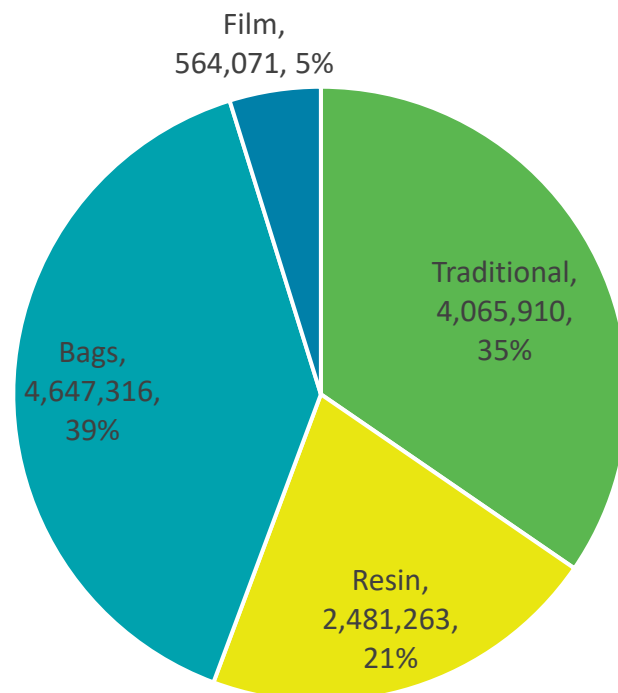


STRATEGY & OUTLOOK

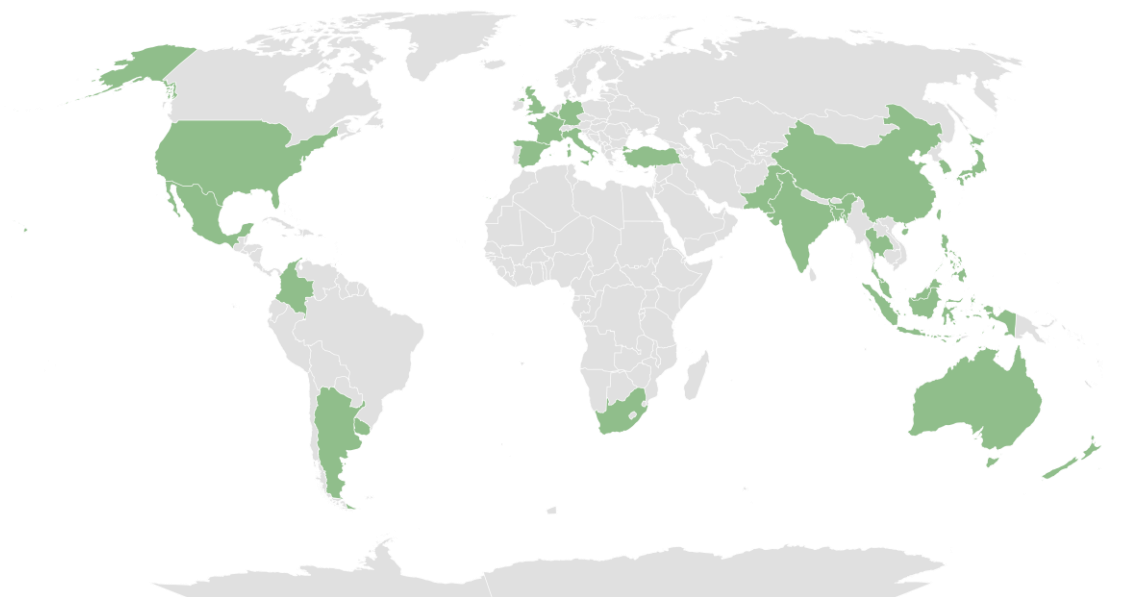


SECOS' REACH AND RANGE NOW ACHIEVING SCALE

H1 FY23 Revenue



Locations of Global Customers



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- SECOS supplies over 25 Countries globally
- Bio Bags now represent largest segment replacing resin and traditional plastic due to success of MyEco® range
- Bio Film remains a small segment but has significant potential if products can be produced in scale off traditional plastic cast film product lines

OUTLOOK

Improving outlook driven by growth initiatives and normalisation of supply chain disruptions

SALES OUTLOOK IS STRENGTHENING

- Commencement of exclusive sales agreement with **JCC** to supply MyEcoWorld in USA and Canada
- Continuing **retail momentum** with adoption of MyEco branded business in over **2000 stores**
- **Council and waste business** continues to increase as FOGO waste programs expand in new markets around the world
- Beginning to supply **new markets** including: Middle East, Europe
- Increasing sales with **domestic and international partner brands**
- **New product developments** to drive sales e.g.- compostable stretch film and new MyEco® product expansion

MARGINS ARE IMPROVING

- Improving from **normalisation** of raw material and freight costs and **scale-led efficiencies**

CONSUMER MARKETING FOCUS

- Key marketing campaign planned for Q4 FY23 to support further growth

R & D ACTIVITIES

- Ongoing development of new resin formulations & film applications to expand products and markets

FORWARD-LOOKING STATEMENTS DISCLAIMER

This presentation contains “forward-looking statements.” Such forward-looking statements may include, without limitation:

- estimates of future earnings;
- estimates of future production and sales;
- estimates of future cash costs;
- estimates of future cash flows;
- statements regarding future debt repayments; and
- estimates of future capital expenditures.

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