



2024 AGM PRESENTATION

14 NOVEMBER 2024

PRESENTERS



James (Jim) Walsh
Chairman



Richard Tegoni
Chief Executive Officer
& Executive Director



Colin Lai
Chief Financial Officer &
Company Secretary



CEO PRESENTATION

STRATEGIC DIRECTION

A TRULY SUSTAINABLE PRODUCTS COMPANY, **LEADING** THE WAY IN SUSTAINABLE SOLUTIONS



- A leading producer of sustainable packaging materials in Australia with the objective of becoming a global leader
- Proactive in the evolving regulatory and market landscape in Australia and shall continue to build on this
- Entering new markets to build global market share with our Australian leading MyEco® brand and with new MyEco® products planned for market release
- Adding quality established global retailers and distributors to continue our sales growth
- Developing strategic manufacturing partnerships to increase the production capacity of our growing range of certified compostable MyEco® products
- Growing product development pipeline and expanding our portfolio of sustainable retail and commercial products

THE LEADING BRAND IN COMPOSTABLE CADDY BAGS AND BIN LINERS IN AUSTRALIA

- 33% growth in FY24 MyEco® retail sales in major retailers and independent distributors and 63% growth in Q1 FY25 vs Prior Comparative Period (PCP)
- MyEco® brand launched in 2021 and is now the leading compostable plastic brand sold in over 2,400 Australian stores
- MyEcoBag® is number one in the compostable bin liner and kitchen caddy category with 44% of sales in 970 Woolworths stores⁽¹⁾
- MyEcoBag® is number one in the compostable bin liner and kitchen caddy category with 38% of sales in 770 Coles stores⁽²⁾
- Launch of compostable shopping bags to 76 Ritchies stores in Victoria, New South Wales and Queensland in Q2 FY25



(1) Quantum Scan Data between 18/10/23 to 15/10/24

(2) IRI Scan Data between 18/10/23 to 15/10/24

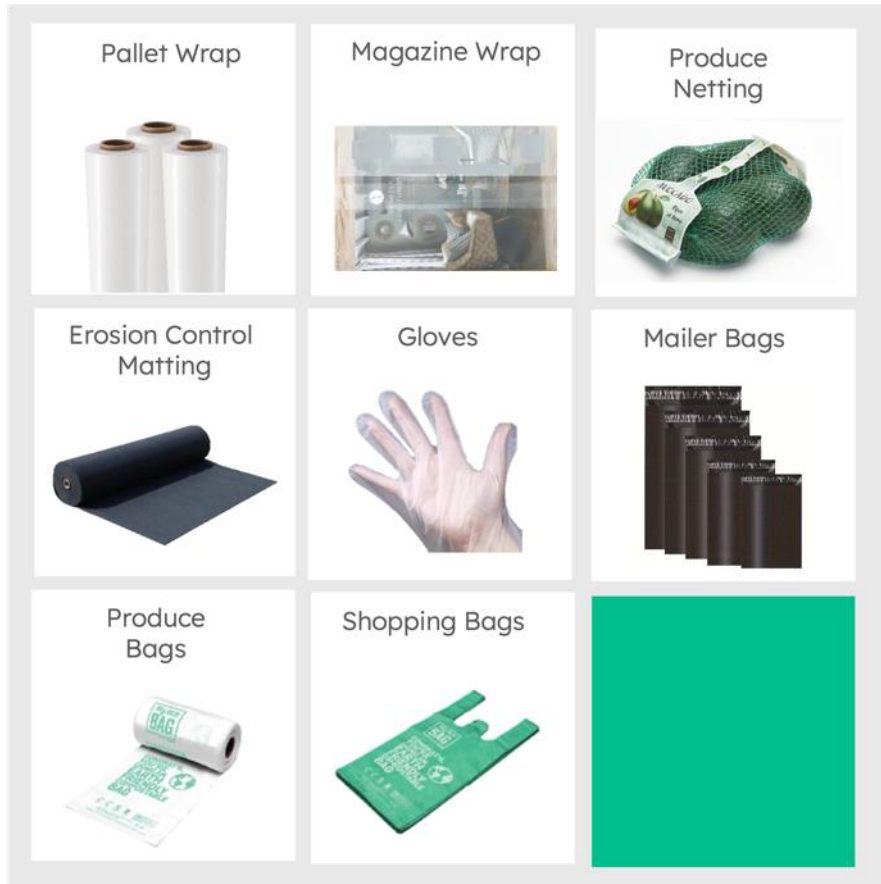
SECOS RESEARCH AND DEVELOPMENT CAPABILITIES



- Selected as one of the lead partners in the Federal Government's Collaborate Research Centre ("CRC") for Solving Plastic Waste. SECOS's contribution of \$0.6m cash and \$0.3m of in-kind activity to the CRC over three years unlocks additional \$1.6m of cash and in-kind contribution in funding out of the \$140.6m allocated to the CRC
- The relevant CRC projects for SECOS are aimed at developing compostable barrier film for food packaging and a social license project aimed to educate the community and policy makers on the importance of compostable plastics as one solution to solving plastic waste
- Global R&D Centre driving collaboration with high profile companies looking for sustainable alternatives
- Global R&D Centre has enabled SECOS to lead the consultation process and lobbying efforts to oppose the proposed ban of certified compostable bin caddy liners in Victoria's FOGO system

SECOS PRODUCT DEVELOPMENT CAPABILITIES

NPD PIPELINE



SECOS' Global R&D Centre drives sustainable product development including :

- Netting: for produce and agriculture; certification approved in Q1 FY25
- Magazine Wrap: Newly developed; pending certification in H1 FY25
- Produce Bags: Low gauge, low thickness; now available
- Pallet wrap: Product development continuing
- Shopping Bags: New low gauge, high quality bags in production
- Lower cost resin grades: Pending final certification in H1 FY25
- Strong additional product development pipeline to improve the quality of existing/new products to address evolving regulatory requirements and existing/prospective customer demands:
 - Higher percentages of renewable content
 - Content derived from agricultural & food waste
 - Accelerated composting time frames
 - Stronger bags with greater puncture resistance

VERTICALLY INTEGRATED MANUFACTURING AND GLOBAL DISTRIBUTION

- Resin manufacturing plants in Malaysia and China with access to world markets
- Bag & Film manufacturing production in Malaysia and China with access to world markets
- Convertor partnerships to grow production capacity without further significant investment in CAPEX
- Intellectual Property controlled and protected through 100% owned resin manufacturing assets
- Growing resin sales to convertors and MyEco® Branded sales
- New product development with convertor partners using SECOS' Cardia Resins and in house product development capabilities to drive growth in new sustainable packaging categories



LEADER IN EVOLVING AUSTRALIAN REGULATORY AND MARKET LANDSCAPE

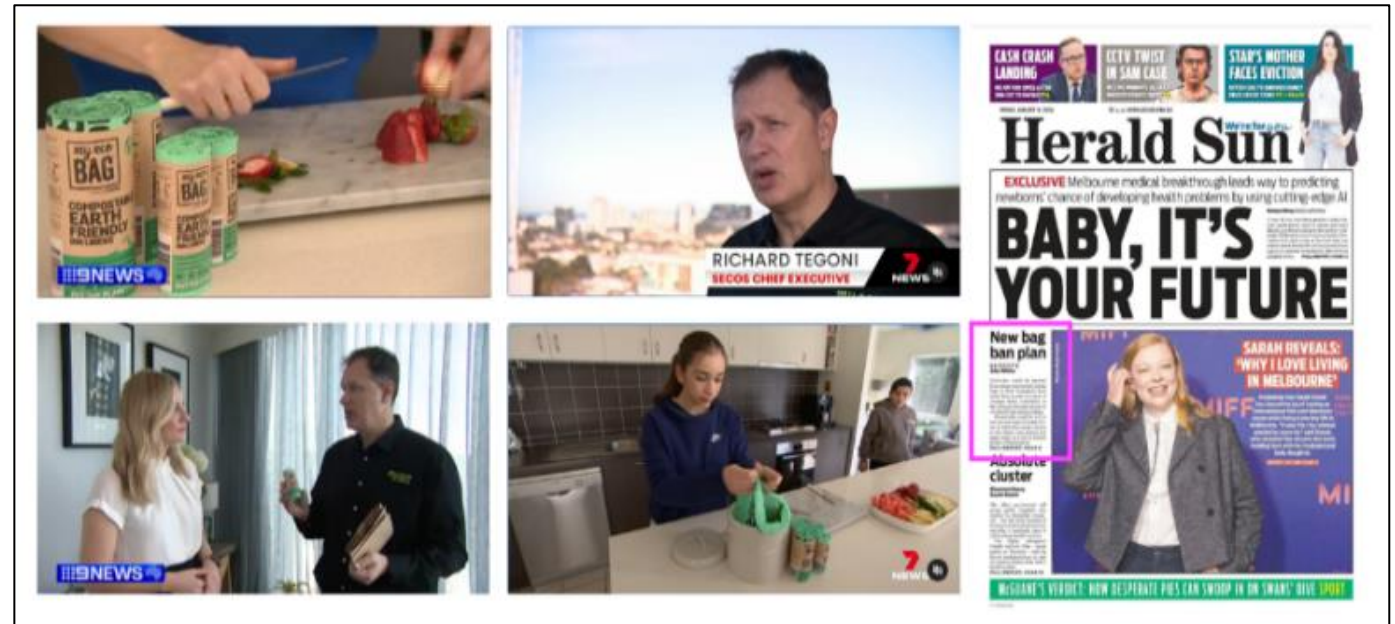
In June 2024, Recycling Victoria released a draft Household and Recycling Service Standard which proposed banning certified compostable caddy bin liners in Victoria's new four-stream household waste and recycling system. This would reduce Food Organics and Garden Organics (FOGO) capture rates by up to 30%⁽¹⁾, undermining Victoria's Circular Economy goals and increasing landfill waste.

Paper alternatives would create a highly unhygienic process from wet food waste spillage and are a less environmentally friendly option compared to certified compostable caddy bin liners that are made from corn instead of cutting down trees.

SECOS submitted a formal response opposing the Draft Household Waste and Recycling Service Standard 2024 on 14 August.

SECOS actively engaged with the State Government and Members of Parliament from the opposition and cross bench, to advocate for the continued use of certified compostable bags in council green bin programs.

(1) Analysis of [Victorian Government waste data](#) and council websites to identify councils that accept certified compostable bags





Creating a Stronger Future with a New Corporate Identity

If approved at the AGM today, the company name will change from SECOS Group Ltd to MyEco Group Ltd

This will tie our corporate identity to our mission and provide stronger brand recognition

A person in a dark jacket and jeans stands on a large, mossy rock in the foreground, looking out at a massive waterfall cascading down a dark, rocky cliff. The scene is lush with green vegetation in the foreground and misty at the base of the waterfall.

We are here to develop and deliver eco-friendly innovations that make it easy for society to transition from wasteful packaging and products to high-quality sustainable alternatives that nurture the planet.

Strategic Re-brand

A stronger, more memorable brand with heightened appeal and growth potential, capitalising on the proven success of the “MyEco” brand.

Developed to adapt to the evolving market landscape, support expansion goals and present a revitalised brand identity that positions us for leadership in the eco-conscious landscape.

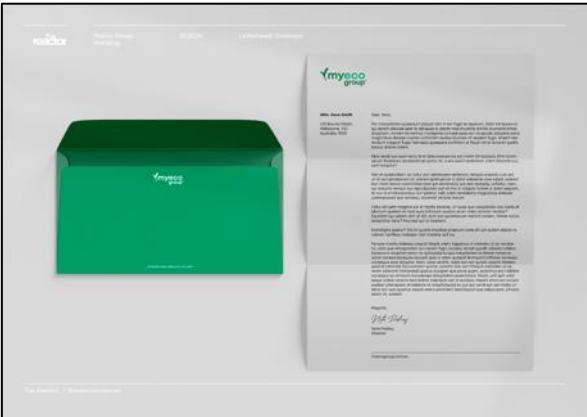


Bringing MyEco® Group to Life

Our new identity features a bold new logo, vibrant colour palette, accessible font, powerful photography and cohesive visual style, designed to present a refreshed and modernised brand image.

This revitalized look embodies our commitment to sustainability and innovation, aiming to resonate powerfully with today's environmentally conscious market.

With these updated visuals, MyEco® Group stands as a compelling and recognizable symbol of eco-friendly solutions, inspiring trust and engagement across all customer touchpoints.



OUTLOOK

SALES OUTLOOK IN H2 FY25 AND BEYOND IS STRENGTHENING

- Continued organic growth of existing products in major retailers and independent distributors of the global MyEco® branded products which are currently sold in over 2,400 stores in Australia and expected to grow in the USA
- Continued growth in Council and waste business based on the current FOGO orders and contracts in place and as Councils continue to introduce FOGO programs and householders adopt food scrap diversion to organic composting programs
- Pursuing growth in resin and white label products via international distribution partnerships
- Launching new sustainable products via SECOS' established global retail and distribution network including launch of PCR in Costco Mexico
- Manufacturing facilities to utilise available capacity to cater for the expected increase in production output to support growing sales pipeline

RESEARCH & DEVELOPMENT/PRODUCT DEVELOPMENT

- As part of the CRC for Solving Plastic Waste program, develop compostable barrier film for food packaging and drive a social license project aimed to educate the community and policy makers on the importance of compostable plastics as one solution to solving plastic waste
- Aiming to take to market the strong pipeline of product development projects over the coming year under the Company's successful MyEco® brand banner



CFO PRESENTATION

FY24 SALES BY PRODUCT SEGMENT

- **MyEco® Australian** sales up 28.3% on PCP and continues to be the category leader in compostable bin liner and kitchen caddy sales in both Coles and Woolworths
- **MyEcoWorld® sales in USA and Canada** via Jewett Cameron Company (JCC) are in the ramp-up stage and are trending up: \$0.3m in FY24 versus \$0.1m in PCP. Sales expected to grow with \$0.3m already achieved up to 31 October 2024
- **Council and Waste Management** FY24 sales up 17.5% on PCP
- **Compostable resins** sales down 22.5% on PCP. Downward trend is stabilising as the Company manages through the residual impact of difficult global logistics and market conditions that led to customers holding excess resin inventories. SECOS is introducing new, lower cost grades to address evolving market demands
- **White label and other sales** were down 26.7% in FY24 mainly due to JCC switching from their Lucky Dog® products to MyEcoWorld® branded products
- SECOS ceased all trading in **traditional petrochemical produced plastics** in Q2 FY24



FY24 PROFIT AND LOSS

(CONTINUING OPERATIONS)

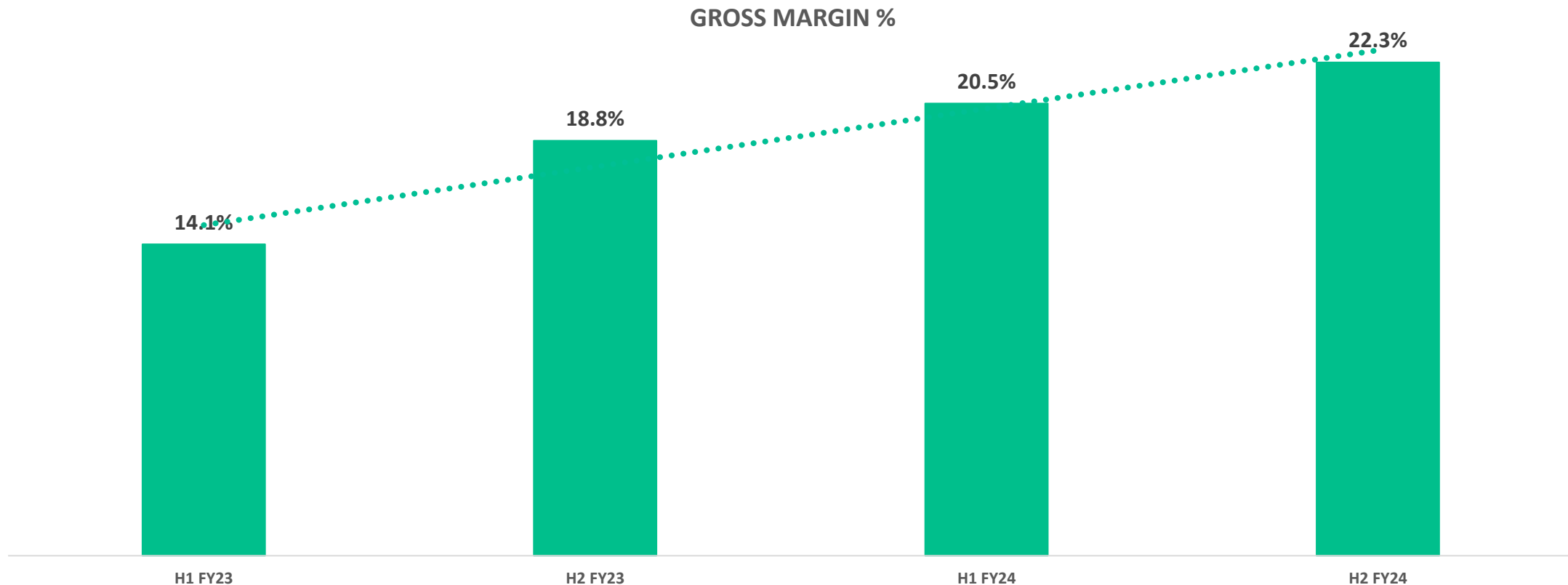
- FY24 Group sales down by 8.1% as outlined by product segment on earlier slide
- Gross margin growth continues, up 505 bps on PCP
- Investment in research and product development of \$0.9m, representing 13.1% of operating expenses for development of innovative new and improved products to address customer demand
- Employment related expense increased by 17.9% driven by investment in people and capability
- Administration expense is favourable by 43.9% due to reduction of expected credit loss (+\$0.4m) and inventory obsolescence (\$0.5) compared to PCP
- Impairment of intangibles relates to reduction of the full amount of goodwill recognised from the Stellar Film Group acquisition in April 2015
- Tax expense reflects reduction in recognition of unused tax losses in Australia

\$'000	FY24	FY23	Var (%)
Sales	14,449	15,717	(8.1%)
Gross Profit	3,112	2,591	20.1%
Gross Margin %	21.5%	16.5%	505 bps
Employment related expense	(3,492)	(2,961)	(17.9%)
Marketing & distribution expenses	(1,818)	(1,811)	(0.4%)
Administration expense	(922)	(1,643)	43.9%
Legal & Compliance expenses	(637)	(490)	(30.0%)
Operating Expenses	(6,869)	(6,905)	0.5%
Other Income	281	396	(29.0%)
Normalised EBITDA ⁽¹⁾	(3,476)	(3,918)	11.3%
Impairment of intangibles	(3,568)	-	(100.0%)
Depreciation and Amortisation	(1,349)	(1,252)	(7.7%)
Finance Costs	(53)	(220)	75.9%
PBT	(8,446)	(5,390)	(56.7%)
Tax Expense	(978)	(991)	1.3%
NPAT	(9,424)	(6,381)	(47.7%)

(1) EBITDA stands for earnings before interest, taxes, 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. This EBITDA excludes the non-recurring impairment of intangibles. Non-IFRS information is not audited

ONGOING GROSS MARGIN IMPROVEMENT

(CONTINUED OPERATIONS)



- Gross margin improvement driven by manufacturing efficiencies and by freight rates and material costs returning to pre-pandemic levels

BALANCE SHEET

- Trade and other receivables decreased by \$0.8m mainly due to the final collections of debtors which were owed to the traditional plastic business which was divested in Q2 FY24
- Inventory decreased by \$0.9m due to the divestment of traditional plastic business in December 2023
- Plant and equipment reduced mainly due to sale of assets from the traditional plastic business divested in Q2 FY24
- Intangible assets decreased by \$3.6m due to impairment of goodwill from the Stellar Film Group acquisition from April 2015
- Deferred tax assets decreased by \$1.0m due to reduction in unused tax losses recognised in Australia

\$'000	Jun 2024	Jun 2023	Var %
Cash at Bank	6,108	8,424	(27.5%)
Trade and Other Receivables	3,246	4,033	(19.5%)
Inventories	3,169	4,095	(22.6%)
Prepayments and Other Assets	471	664	(29.1%)
Deferred Tax Assets	-	960	(100.0%)
Plant and Equipment	3,994	4,535	(11.9%)
Right-of-Use Asset	1,065	1,645	(35.3%)
Intangible Assets and Other	-	3,606	(100.0%)
Trade and Other Payables	1,556	1,807	(13.9%)
Employee Benefits	289	320	(9.7%)
Accrued Expenses	965	861	12.1%
Lease Liability	1,209	1,841	(34.3%)
Net Assets	14,034	23,133	(39.3%)

CASH FLOW

\$'000	Q1 FY25 ⁽¹⁾	FY24	FY23
Opening Cash	6,108	8,424	4,122
Cash Flows from Operating Activities	(714)	(1,287)	2,018
Cash Flows from Investing Activities	9	(302)	(639)
Cash Flows from Financing Activities	(203)	(719)	2,938
Net Cash Movement	(908)	(2,308)	4,317
Foreign Exchange	1	(8)	(15)
Closing Cash	5,201	6,108	8,424

(1) Based on unaudited Q1 FY25 results

- Closing cash of \$5.2m with no debt as at 30 September 2024
- Cash Flows from Operating Activities in Q1 FY25 impacted by the strategic increase in production output (32% increase vs PCP) to service the sales pipeline as it continues to grow

CORPORATE OVERVIEW

ASX Code: SES

Share Price (13 Nov 2024)	4.0 cents
Market capitalisation	\$23.9 million
Shares on issue (listed)	596.6 million

Substantial Shareholders

Belgravia Strategic Equities	11.7%
R&K Edwards Investments LLC	9.6%
Donald Haller Jr	8.2%
SECOS Friends LLC	5.1%
Top 20	59.9%
Total Board and management shareholdings*	16.6%

*Includes indirect holdings

Board & Executive Members

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



Q&A

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.

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning SECOS’ planned operational program and other statements that are not historic facts. When used in this document, the words such as “could”, “plan”, “budget”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward looking statements. Although SECOS believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, including but not limited to risks and uncertainties relating to impacts that may arise from Covid-19, and no assurance can be given that actual results will be consistent with these forward-looking statements. SECOS confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

All financial amounts are expressed in Australian dollars unless otherwise indicated. The Company trades globally using over four different currencies which may materially impact the consolidation of the group’s accounts and may impact the outcome of future events or results expressed or implied in this presentation.

