



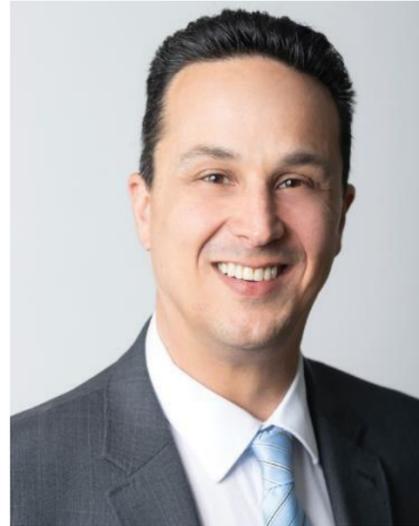
FY23 RESULTS PRESENTATION

24 August 2023

REDOX LIMITED (RDX.ASX)

Presenting

Raimond Coneliano
CEO and Managing Director



Roy Brown
Finance Director



Agenda

- Corporate Snapshot
- FY23 Financial Results
- Outlook
- Q & A



CORPORATE SNAPSHOT

Raimond Coneliano
CEO and Managing Director

Corporate overview



Company Overview

Redox was established by the Coneliano family in 1965 and is now a leading chemical and ingredients distributor active in more than 1,000 specialty and commodity products.

Market Position



Ranked largest chemical distributor in Australia¹



12th in APAC¹



34th in the world¹

Redox value creation



Redox is the important link between purchasers of chemicals, ingredients and raw materials and global manufacturers of commodity and specialty products



Notes:
1 Source: Frost & Sullivan, Market Report on the Chemicals and Ingredients Markets, March 2023, based on the ICIS Top 100 Chemical Distributors 2023 rankings. Rankings based on calendar year 2022 revenue

Sustainable business model



6,400+
ACTIVE CUSTOMERS

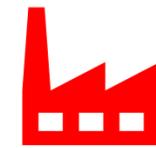


4,600+
SKU'S

Geographical expansion (particularly the US), and strategically and financially prudent inorganic growth opportunities



100+
STOCK LOCATIONS



940+
ACTIVE SUPPLIERS

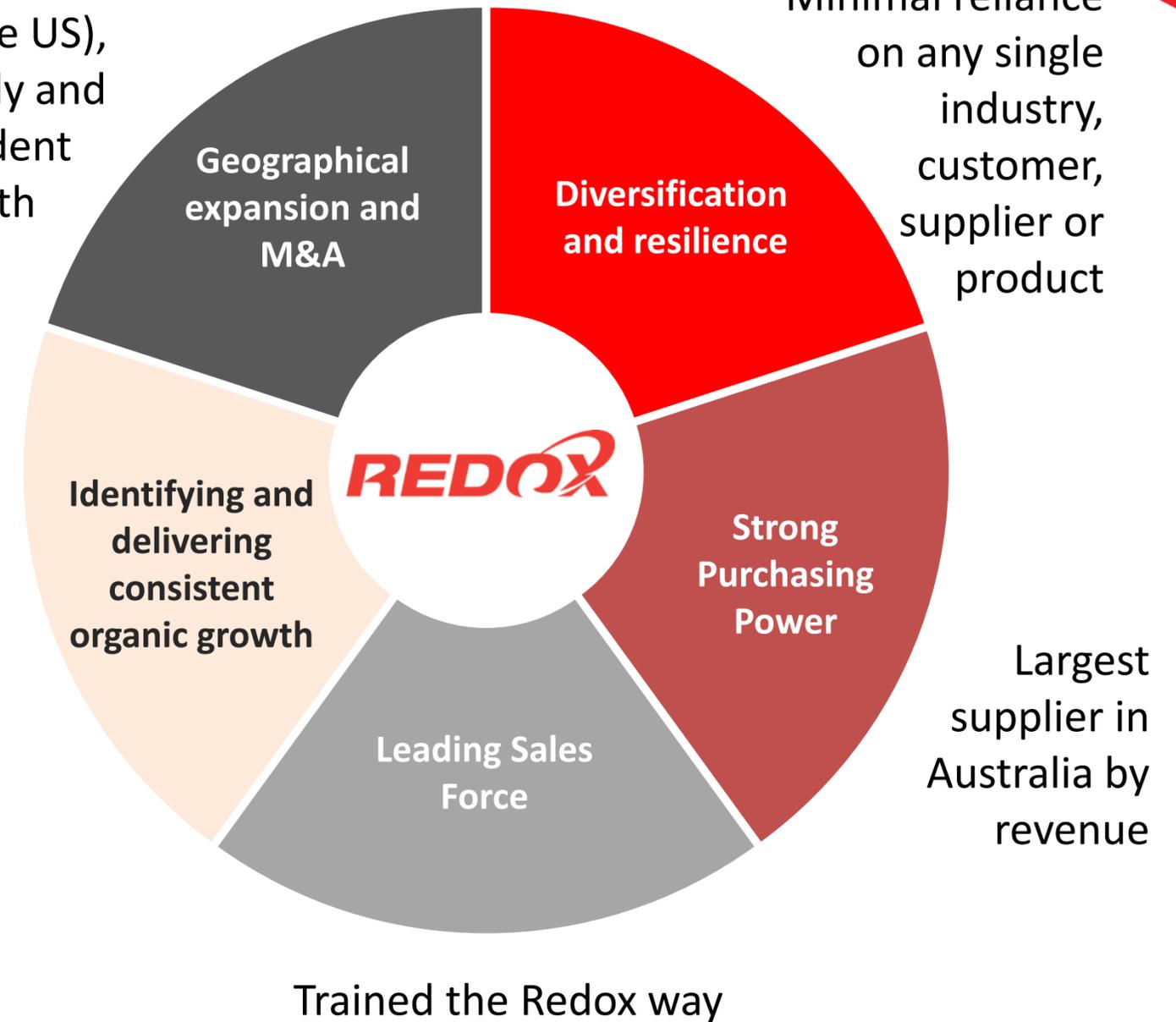
30 year revenue CAGR of 11.9%



400+
STRONG TEAM



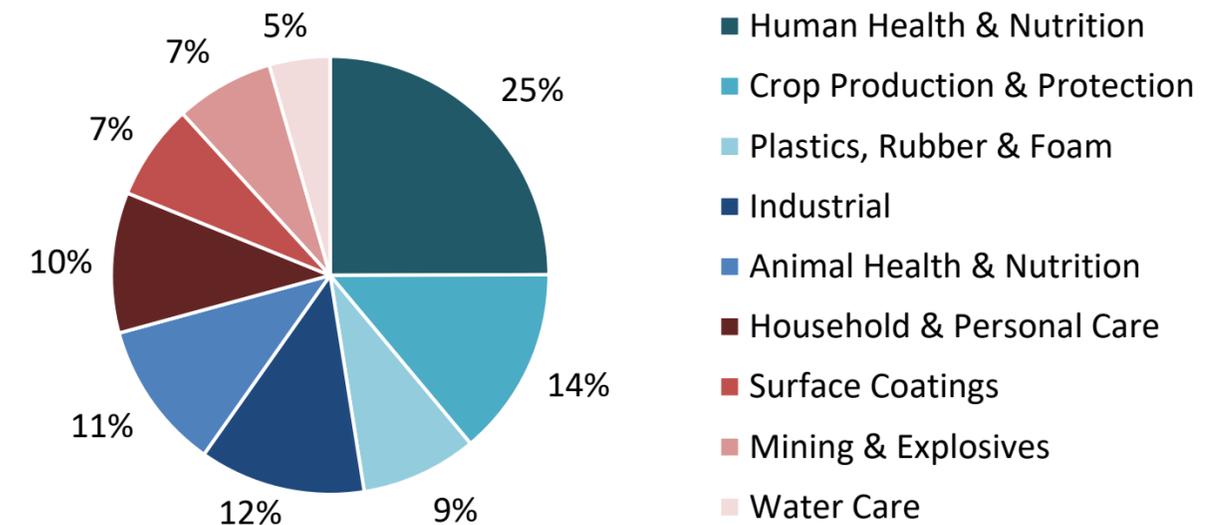
1100+
PRODUCT GROUPS



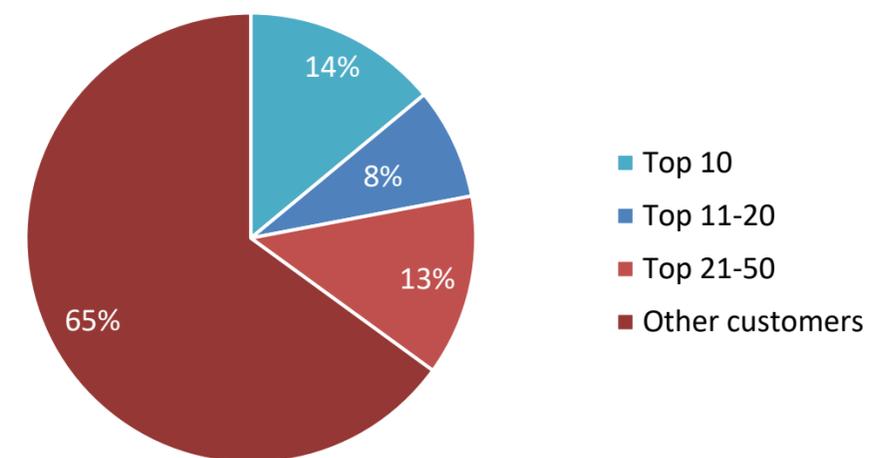
Diversified and highly resilient sales model

- Largest customer represents ~2.1% of FY23 sales
- Top 10 customers represent ~14.0% of FY23 sales
- Largest individual supplier accounted for ~3.3% of FY23 sales
- Broad geographical supply base that reduces supply risks
- Sourced products from 53 countries in FY23
- Largest individual sku represented ~ 1.3% of FY23 sales

Sales by industry sectors (%: FY23)



Sales by customer concentration (%: FY23)



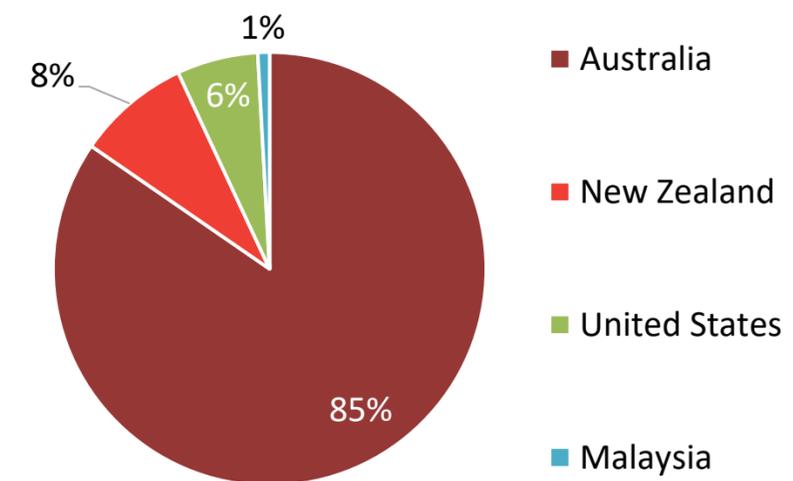
Growing international presence with focus on North America



Geographical expansion leverages:

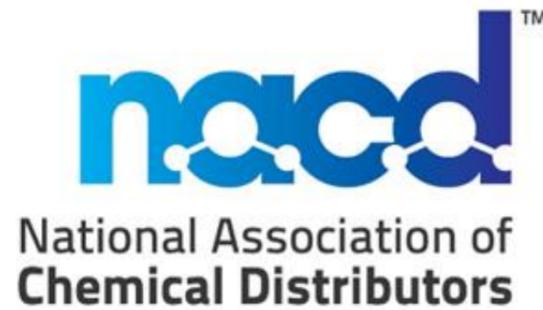
- existing knowledge
- supplier relationships
- customer relationships
- product portfolio

Sales by geographical jurisdiction (%: FY23)



Corporate Social Responsibility

Redox aims to be a good corporate citizen embracing positive societal and industry engagement, responsible operation and practical initiatives



Silver Medal for Sustainability received from Ecovadis in 2023

Redox is committed to ethical sourcing, seeks to adhere to the highest ethical standards



FY23 RESULTS SUMMARY

Roy Brown
Finance Director

P&L overview

16.2%

Revenue growth, driven by strong growth in ANZ and the US

\$141.4m

Pro forma EBITDAFX, 5.2% above FY22, with strong sales growth offset by margin decline

\$92.0m

Pro forma NPATFX, 4.5% above Prospectus due to overperformance in revenue and margin

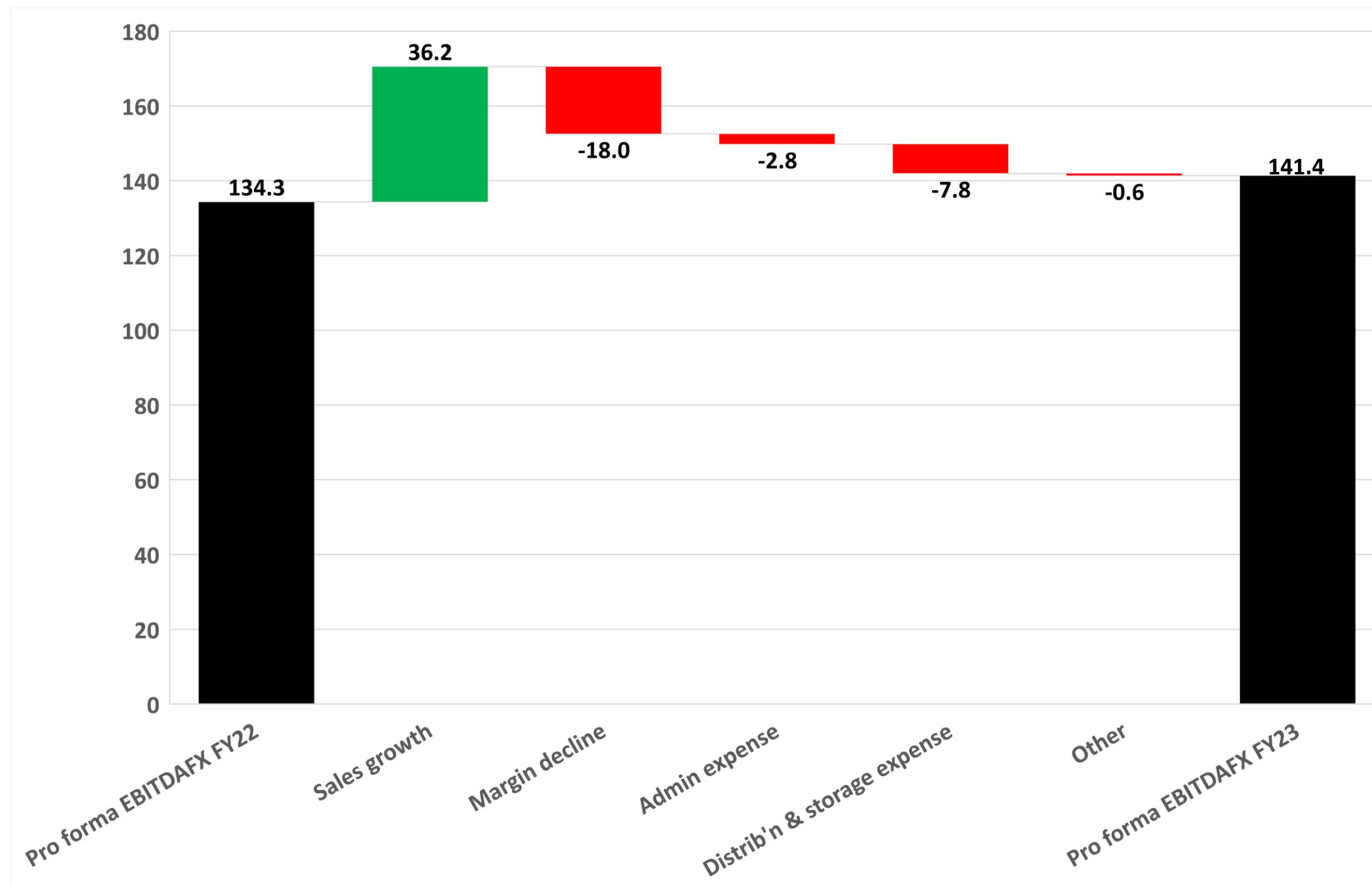
	FY22 Actual	FY23 Prospectus	FY23 Actual	Change vs Prospectus	Change year on year
	\$m	\$m	\$m	%	%
Revenue	1,082	1,244	1,258	1.1%	16.2%
Gross profit	243.8	255.2	262.0	2.6%	7.5%
Pro forma EBITDAFX¹	134.3	134.7	141.4	4.9%	5.2%
Pro forma NPATFX^{1,2}	89.3	88.0 ²	92.0	4.5%	3.0%
Statutory NPAT	88.0	75.1	80.7	7.5%	(8.3%)
Earnings per share	20.44c	17.44c	18.75c	7.5%	(8.3%)

Notes:

- EBITDAFX and NPATFX excludes unrealised currency revaluations relating to non-cash mark-to-market adjustments on Redox's open forward exchange contracts at period end. These amounts arise as Redox does not qualify for hedge accounting treatment under the terms of AASB 9 Financial Instruments and so is required to include the non-cash gain or loss on open foreign exchange positions at period end within its statutory result. Redox does not consider these amounts to form part of the Group's "underlying" earnings, and accordingly presents EBITDAFX and NPATFX metrics which exclude the impacts of these balances. Pre-tax pro forma adjustments have been included within the numbers to ensure comparability with the Group's ASX listing Prospectus. Adjustments included within both pro forma EBITDAFX and pro forma NPATFX are the addition in FY23 of \$1.7m of incremental costs associated with operating as a listed company (Prospectus: \$1.7m, FY22: \$1.4m), and the deduction of \$2.1m of one-off ASX listing costs (Prospectus: \$1.1m, FY22: \$1.5m). Pro forma NPATFX includes an additional pro forma interest add back before tax of \$11.6m (Prospectus: \$9.5m, 2022: \$5.7m) to reflect the Group's post listing debt structure. A P&L has been included in the Supplementary Information section of this presentation which sets out the impacts of these adjustments within the P&L.
- Pro forma NPATFX was not specifically disclosed in the Group's Prospectus. A reconciliation of pro forma NPATFX to NPAT is included in the Supplementary Information section of this presentation.

Pro forma EBITDAFX bridge FY22 to FY23

The profit impact of sales growth in FY23 has more than offset the decline in gross margins and increases in variable operating costs



Revenue and gross profit

15.3%

Revenue growth in core ANZ market driven by share of wallet gains and product portfolio expansion

42.0%

Revenue growth in US driven by new customers, sales team / geographical expansion

1.7ppts

Margin decline as global supply chain conditions and pricing volatility have eased

	FY22 Actual	FY23 Actual	Change year on year
	\$m	\$m	%
Revenue – Australia	926.9	1,063.3	14.8%
Revenue – New Zealand	89.4	107.1	19.8%
Revenue – USA	53.5	76.0	42.0%
Revenue – Other	<u>12.9</u>	<u>11.1</u>	(14.5%)
Total revenue	1,081.8	1,257.5	16.2%
COGS	<u>(838.0)</u>	<u>(995.5)</u>	(18.8%)
Gross profit	243.8	262.0	7.5%
Gross margin	22.5%	20.8%	(1.7ppts)

Operating costs review

4.8%

Increase in admin expenses due to salary increases and growth in headcount

18.9%

Increase in logistics costs due to sales growth, rate increases and lingering COVID 19 supply chain inefficiencies

5.6%

Increase in other costs driven by increases in insurance and travel costs

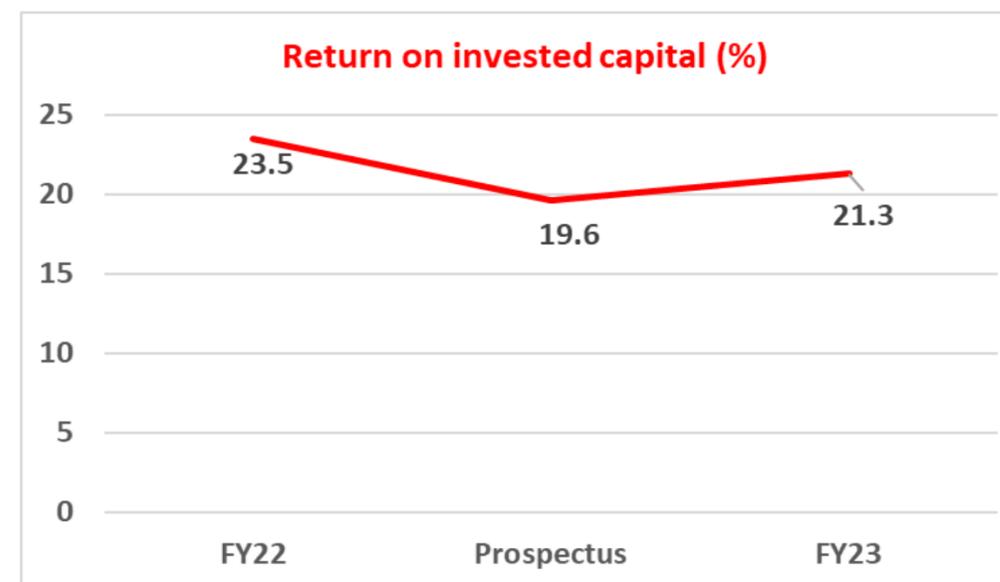
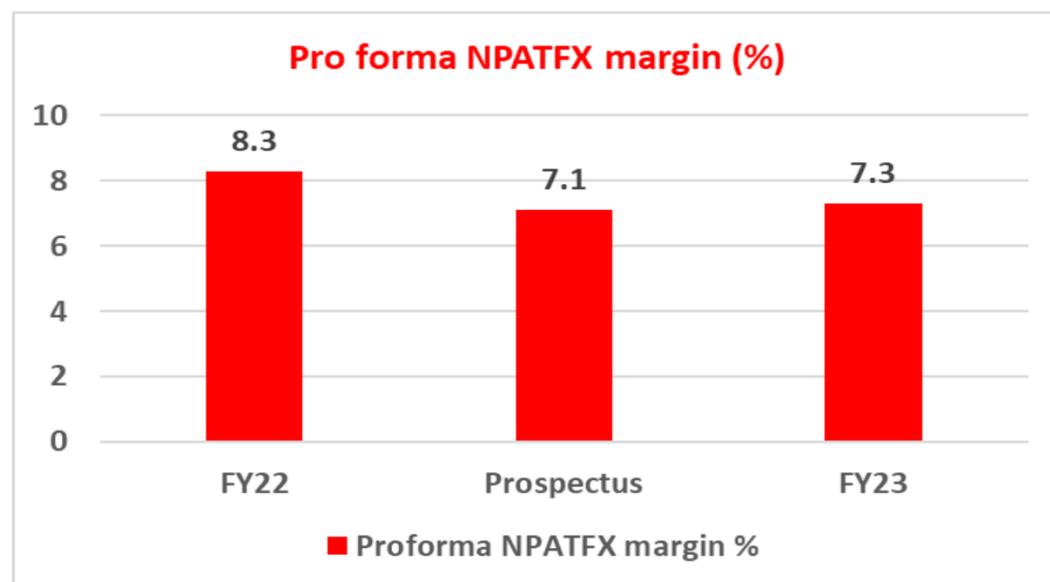
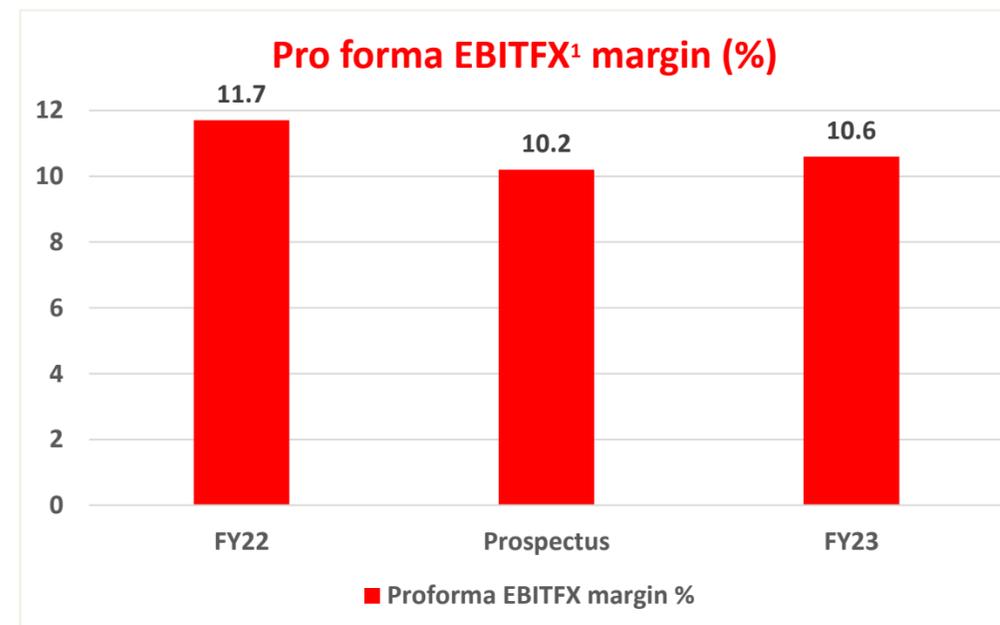
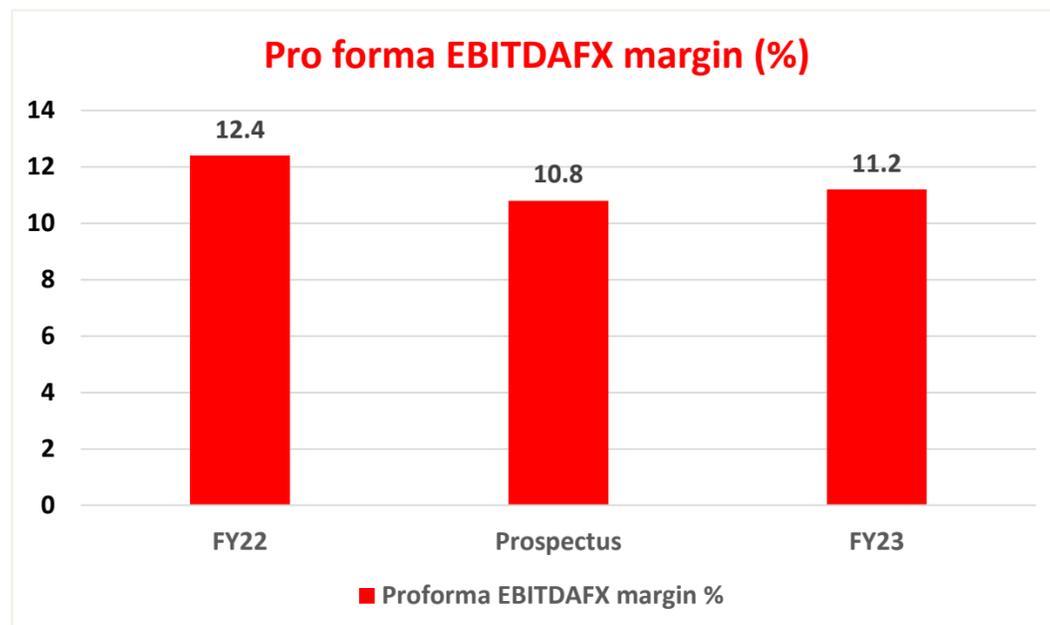
	FY22 Actual	FY23 Prospectus	FY23 Actual	Change vs Prospectus	Change year on year
	\$m	\$m	\$m	%	%
Administration expenses	58.1	61.8	60.9	1.5%	(4.8%)
Distribution and storage expenses	41.4	46.9	49.2	(5.0%)	(18.9%)
Other expenses	<u>15.8</u>	<u>17.6</u>	<u>16.7</u>	5.4%	(5.6%)
Total underlying operating expenses¹	115.3	126.3	126.8	(0.4%)	(10.0%)
One-off ASX listing costs	<u>1.5</u>	<u>1.1</u>	<u>2.1</u>	(94.8%)	(43.1%)
Total operating expenses	116.8	127.4	128.9	(1.2%)	(10.4%)
Unrealised currency revaluations ² (gain)/loss	(4.1)	9.6	4.1	56.9%	n/a

Notes:

1. Underlying operating expenses are total operating expenses less one-off ASX listing costs.

2. Unrealised currency revaluations relate to non-cash mark-to-market adjustments on Redox's open forward exchange contracts at period end. These amounts arise as Redox does not qualify for hedge accounting treatment under the terms of AASB 9 Financial Instruments and so is required to include the non-cash gain or loss on open foreign exchange positions at period end within its statutory result. Redox does not consider these amounts to form part of the Group's "underlying" earnings.

Operating margins



- Operating margins up vs Prospectus but down vs pcp due to gross margin decline
- ROIC² stronger than Prospectus due to working capital unwind

Notes:

1. Pro forma EBITFX can be calculated by adding the Group's annual depreciation cost to pro forma EBITDAFX.
 2. Return on Invested Capital ("ROIC") is defined as net operating profit after tax (NOPAT), divided by average invested capital (total equity plus net debt including other financial assets and lease liabilities). Pro forma adjustments to NOPAT in order to derive a pro forma NPAT for the calculation are the exclusion of unrealised currency revaluation losses, the exclusion of one-off ASX listing costs, and the addition of a pro forma adjustment to incorporate additional costs associated with operating as a listed company.

Cash flow

\$134.1M

Underlying cash before financing, representing a free cash flow conversion³ of 93.7%

\$33.2M

Working capital inflow as inventory holdings have normalised

29.3%

Net working capital as a % of revenue returned to pre-COVID levels

	FY22 Actual	FY23 Prospectus	FY23 Actual	Change vs Prospectus	Change year on year
	\$m	\$m	\$m	%	%
Underlying cash from operations ¹	(47.5)	125.9	136.9	8.7%	n/a
Cash flows from investing	(1.2)	(2.8)	(2.8)	-	(130.2%)
Underlying cash before financing	(48.7)	123.1	134.1	8.1%	n/a
Net working capital (NWC)	401.2	424.2	367.9	11.3%	8.3%
NWC as a % of revenue ²	37.1%	34.1%	29.3%	4.8ppts	7.8ppts

Notes:

- Underlying cash from operations is cash generated from operations adding back cash spent on one-off ASX listing costs.
- Net working capital as a percentage of sales is calculated as period end working capital (the sum of trade and other receivables, inventory, prepayments, other assets, trade and other payables, accruals, provision for income tax and other liabilities) divided by revenue.
- Free cash flow conversion is calculated as underlying cash from operations divided by underlying EBITDA (EBITDA minus one off ASX listing costs)

Balance sheet management

\$81.7m

Pro forma cash position (adjusting debt to incorporate IPO proceeds)

1.0x

Core leverage ratio, reduced to 0.0x in July 23 as net debt was extinguished by IPO proceeds

\$183.3m

Total debt facilities available post IPO to fund future growth opportunities

	FY22 Actual	FY23 Prospectus	FY23 Actual
	\$M	\$M	\$M
Net debt	181.4	184.7	145.7
Net debt interest	5.7	9.8	11.8
Pro forma net debt / (cash) ¹	n/a	6.2	(81.7)
Debt / pro forma EBITDAFX ratio	1.4x	1.4X	1.0x
Undrawn debt facilities	27.0	97.2	136.2



OUTLOOK

Raimond Coneliano
CEO and Managing Director

FY24 guidance and dividend policy



FY24 guidance

- Redox reaffirms its FY24 Prospectus guidance
- Macroeconomic conditions remain uncertain
- US sales forecast to exceed \$100m
- Small acquisition expected to be completed in August 2023

Dividend policy

- First listed company dividend will be interim for the six months to Dec 23, to be paid in Mar 24
- Long term dividend payout ratio will be 60%-80% of statutory NPAT

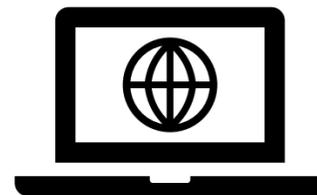
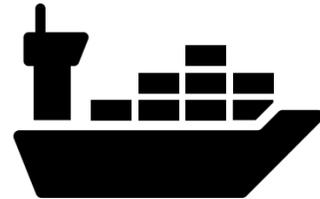
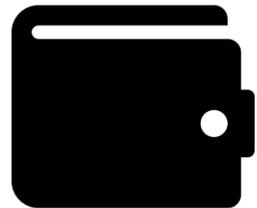
FY24 Forecast	\$ millions	Growth vs FY23 (%)
Revenue	1,328	5.6%
Gross Profit	275	5.1%
Pro forma EBITDAFX	148	4.8%
Pro forma NPATFX	97	5.9%
NPAT	94	16.4%



Strategic Pillars



Redox has delivered on its objectives during 2023 and is continuing to focus on its winning strategy



Gain Market Share

Expand Geographically

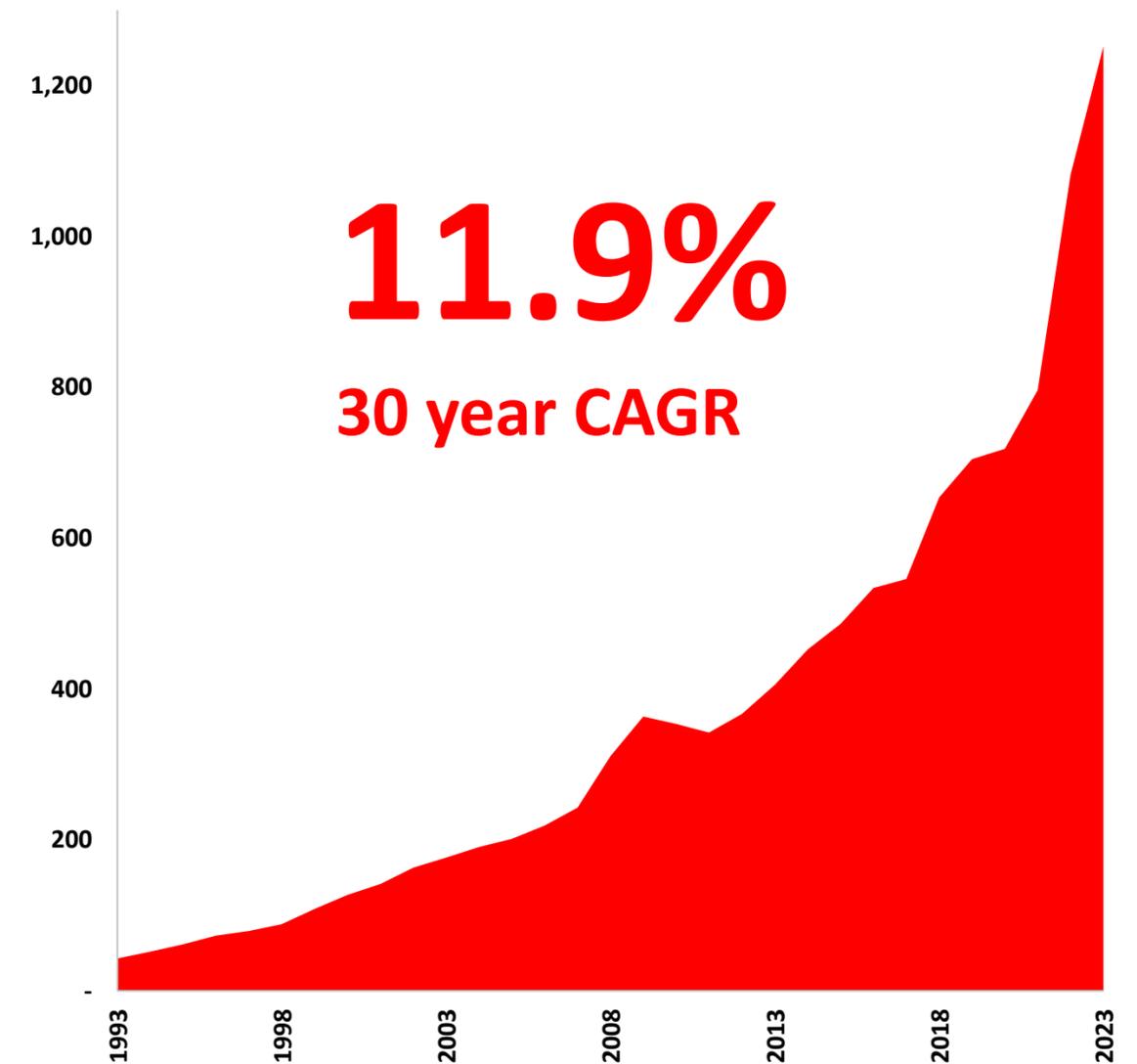
Supply Chain Excellence

Leverage Technology

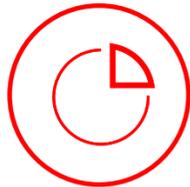
Engage Our People



Sales (\$m)



Summary



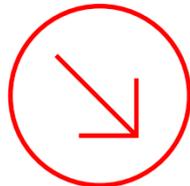
Highly diverse and resilient business model with minimal concentration risk



16.2% revenue growth in FY23 and long term (30 year) compound annual growth rate of 11.9%



Strong operating margins and ROIC



Net working capital has unwound from previous highs



Strong cash generation and flexible balance sheet which will be used to fund future growth and a 60-80% dividend payout ratio



Over-achieved versus FY23 Prospectus targets and FY24 targets reaffirmed



Continue driving future growth both organically and through strategic acquisitions



Q&A

Raimond Coneliano

CEO and Managing Director

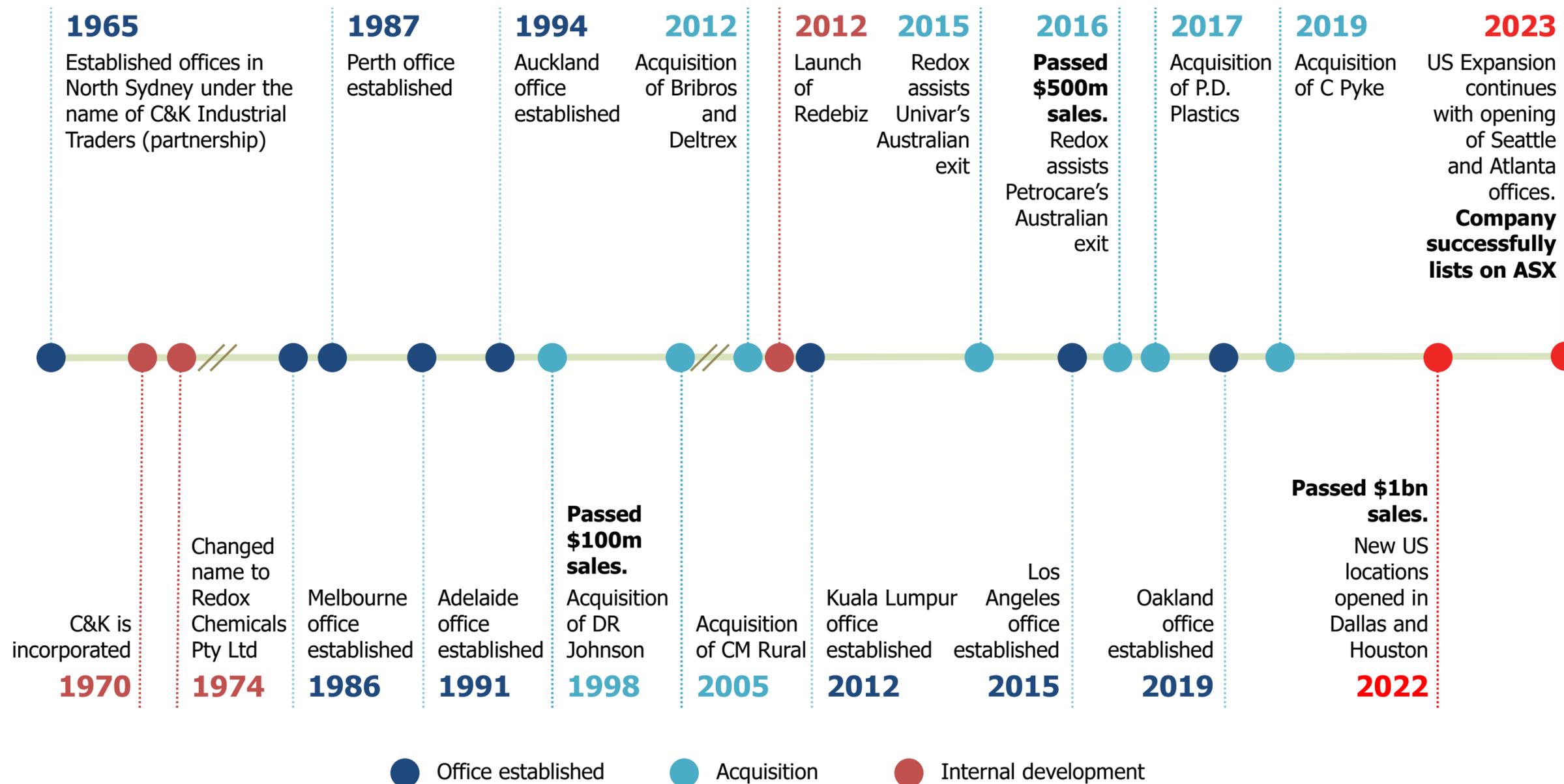
Roy Brown

Finance Director



Supplementary Information

Redox timeline



	FY22 Actual	FY23 Prospectus	FY23 Actual
	\$m	\$m	\$m
Revenue	1,081.8	1,244.1	1,257.5
COGS	<u>(838.0)</u>	<u>(988.8)</u>	<u>(995.5)</u>
Gross profit	243.8	255.2	262.0
Underlying operating expenses excl depreciation	(108.1)	(118.7)	(119.0)
Pro forma expense adjustments	<u>(1.4)</u>	<u>(1.7)</u>	<u>(1.7)</u>
Pro forma EBITDAFX	134.3	134.7	141.4
Depreciation	<u>(7.2)</u>	<u>(7.6)</u>	<u>(7.8)</u>
Pro forma EBITFX¹	127.1	127.2	133.6
One off ASX listing costs	(1.5)	(1.1)	(2.1)
Unrealised currency adjustments	4.1	(9.6)	(4.1)
Add back: pro forma expense adjustments	<u>1.4</u>	<u>1.7</u>	<u>1.7</u>
Statutory EBIT	131.1	118.2	129.0
Net finance costs	<u>(7.2)</u>	<u>(10.9)</u>	<u>(13.0)</u>
NPBT	123.9	107.3	116.0
Statutory tax	<u>(35.8)</u>	<u>(32.2)</u>	<u>(35.3)</u>
NPAT	88.0	75.1	80.7

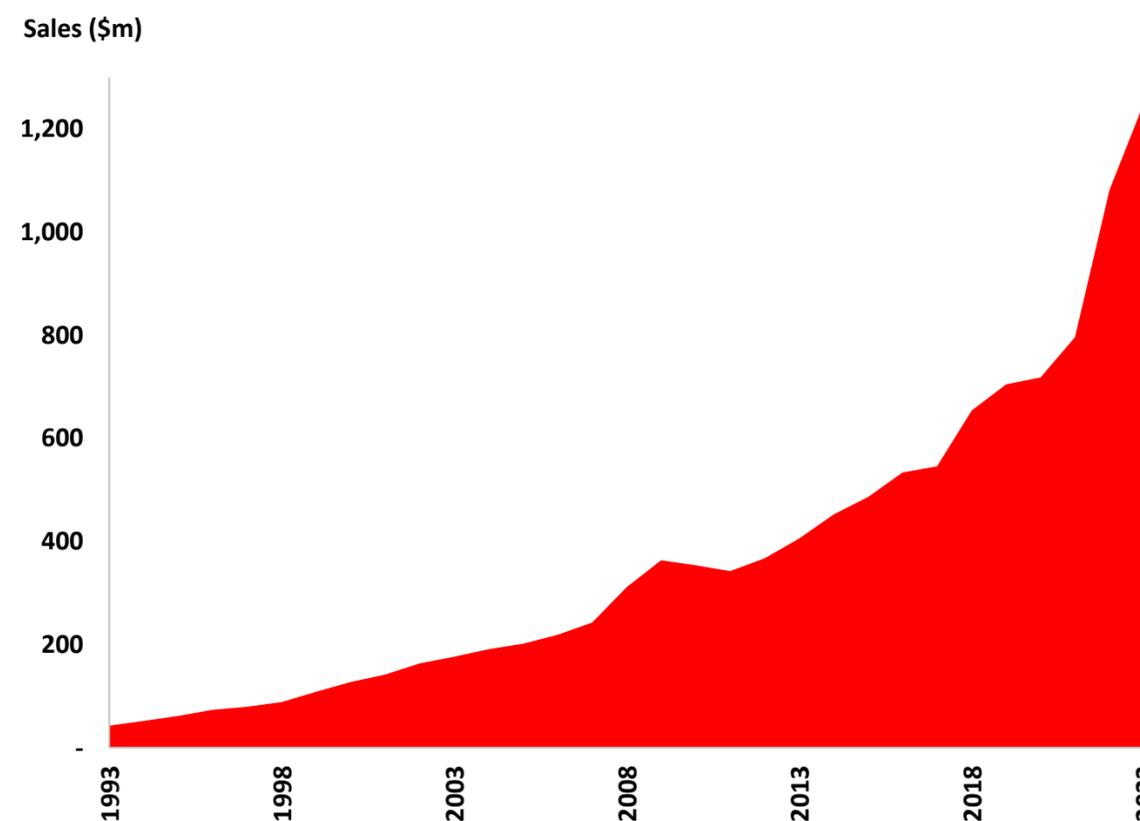
Reconciliation of EBITDA to pro forma EBITDAFX and NPAT pro forma NPATFX

	FY22 Actual	FY23 Prospectus	FY23 Actual
	\$m	\$m	\$m
EBITDA	138.3	125.8	136.8
One-off ASX listing costs	1.5	1.1	2.1
Additional costs of operating as a public company	(1.4)	(1.7)	(1.7)
Unrealised currency revaluations	<u>(4.1)</u>	<u>9.6</u>	<u>4.1</u>
Pro forma EBITDAFX¹	134.3	134.7	141.4

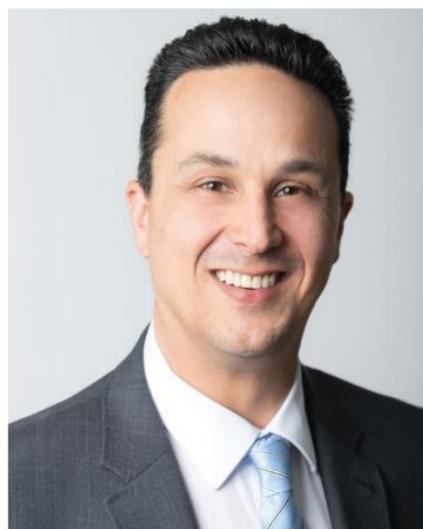
	FY22 Actual	FY23 Prospectus	FY23 Actual
	\$m	\$m	\$m
NPAT	88.0	75.1	80.7
Statutory tax add back	35.8	32.2	35.3
One-off ASX listing costs	1.5	1.1	2.1
Additional costs of operating as a public company	(1.4)	(1.7)	(1.7)
Unrealised currency revaluations	(4.1)	9.6	4.1
Interest reversal to reflect post IPO debt structure	<u>5.7</u>	<u>9.5</u>	<u>11.6</u>
Pro forma NPBT	125.5	125.8	132.2
Tax @ effective tax rate for the year	<u>(36.2)</u>	<u>(37.8)</u>	<u>(40.2)</u>
Pro forma NPATFX	89.3	88.0	92.0

Long term revenue growth

	Growth rate
30 Year CAGR	11.9%
20 Year CAGR	10.3%
10 Year CAGR	12.0%
5 Year CAGR	14.0%
3 Year	20.5%



Strong and experienced Board & management team



Raimond Coneliano

Chief Executive Officer & MD

27 years tenure



Renato Coneliano

Director / Marketing Manager

43 years tenure



Ian Campbell

Chairman

14 years tenure



Mary Verschuer

Non-Executive Director

Appointed June 2023

Advisor since July 2021



Garry Wayling

Non-Executive Director

Appointed June 2023

Advisor since July 2021

Strong and experienced Board & management team



Richard Coneliano

Ken Perrins

Roy Brown

Mark Shoukry

Kim Yap

Nick Osmo

Erika Jasarevic

Chief Operating Officer

Industry Group Manager

Finance Director

Senior Business Manager

Chief Financial Officer

CEO USA

General Counsel

28 years tenure

26 years tenure

2 years tenure

23 years tenure

34 years tenure

13 years tenure

3 years tenure

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Summary information

This Presentation contains summary information about RDX and its activities current as at 30 June 2023. The information in the Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in RDX shares. It should be read in conjunction with RDX's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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Financial data

All dollar values are in Australian dollars (\$) unless stated otherwise.

Non-IFRS Financial information

RDX's results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including "underlying", "adjusted" and "pro-forma" and other measures that are used internally by management to assess the operational performance and management of the Group. Non-IFRS measures have not been subject to audit or review. All numbers listed as "statutory" comply with IFRS and have been audited.

Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as an indication of future performance.

Future performance

This presentation contains certain "forward-looking statements" including statements regarding our intent, belief or current expectations with respect to the Company's business and operations, market conditions, results of operations and financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Presentation contains such statements that are subject to risk factors associated with an investment in RDX. RDX believes that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.

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