

FY24 FULL YEAR RESULTS PRESENTATION

AUGUST 2024

ASX: SES



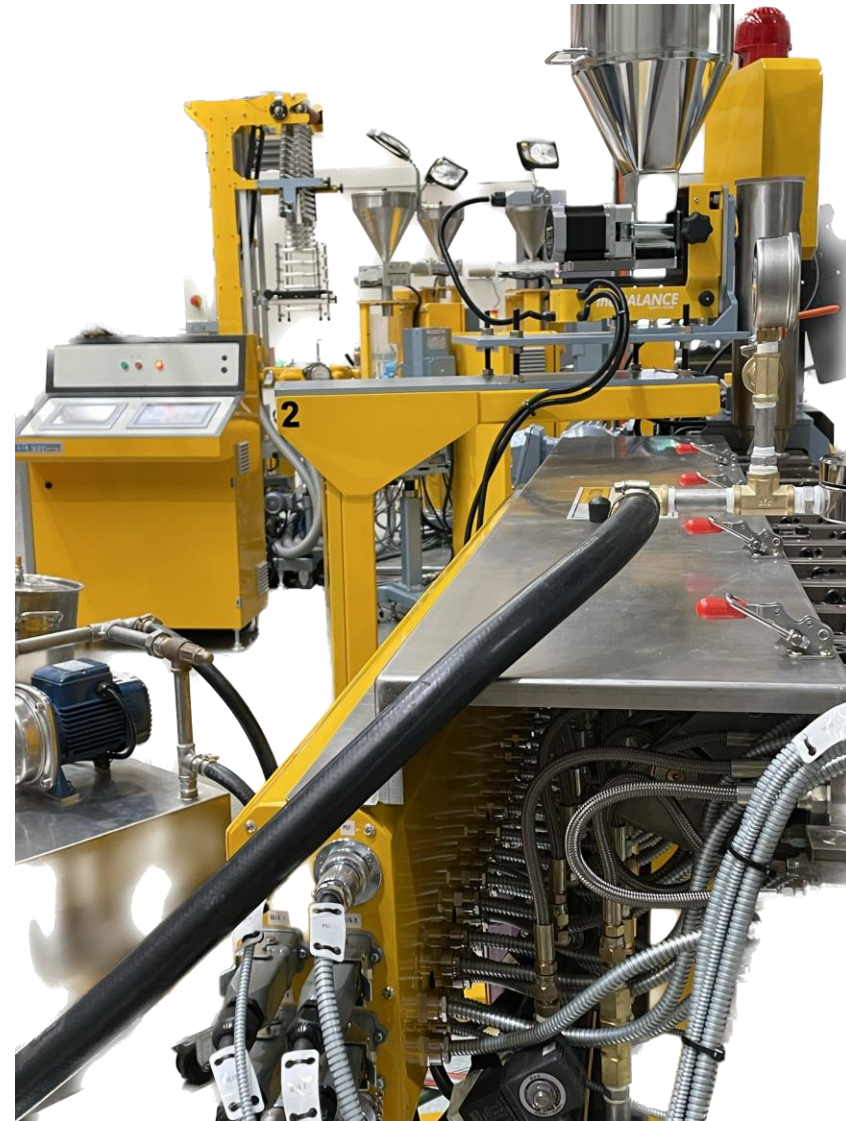
CHANGING THE WORLD OF PACKAGING

AGENDA

- FY24 Highlights & Operational Update
- FY24 Financial Results
- Strategy & Outlook



FY24 HIGHLIGHTS & OPERATIONAL UPDATE



STRONG GROWTH IN H2 VS H1 FY24

Strong H2 FY24 sales growth (33.3% vs H1 FY24):

MyEco[®] branded product sales \$1.7m in H2 FY24, up 39.7% on H1 FY24 driven by:

- Increase in retail sales via Woolworths, Coles and Independent stores throughout Australia
- Launch and ramp up of online sales in US major retailers

Council sales \$3.2m in H2 FY24, up 94.9% on H1 FY24, driven by:

- H2 is traditional higher due to replenishment cycle
- Award of several new council contracts

Resin sales \$1.7m in H2 FY24, down 11.0% on H1 FY24 due to market conditions. New lower cost resins have been developed in-house to address new opportunities

SECOS IS A TRUE ENVIRONMENTAL COMPANY

SECOS is now exclusively a sustainable products and solutions business

- SECOS a market leader in Australia in Retail with MyEco® products now distributed to over 2,400 Australian stores (in the compostable bin liner and kitchen caddy bags category)
- Exited conventional plastic hygiene film business in Malaysia during H1 FY24
- Three sustainable manufacturing plants across Malaysia and China
- Reputation in sustainability a key competitive advantage – GLAD Plastic Business vs MyEco® Sustainability Business

Certification lead

- AS 5810, EN13432, NF T51-800, Ecovadis, BPI Compostable, Textile Exchange Recycled Content and Global Recycled Standard



ESTABLISHED GLOBAL MANUFACTURING AND DISTRIBUTION

- Resin manufacturing plants in Malaysia and China with global access to world markets
- Bag manufacturing production in Malaysia and China with global access to world markets
- Convertor partnerships to grow sales of resin without further significant investment in CAPEX
- Control and protect intellectual property through 100% owned manufacturing assets
- Resin sales to convertors for own product and MyEco[®] Branded sales
- New product development with convertor partners using Cardia Resins and SECOS' R&D Centre to drive growth in new sustainable packaging categories



SECOS HAS CAPABILITY TO EXPAND GLOBALLY



SECOS has established a significant global sales and distribution footprint and supplies over 25 countries globally via the following:

- SM Resinas, a major distributor of resins in Latin America
- ISOI, an exclusive sales agent in LATAM for resin
- Jewett Cameron Company (JCC) , an exclusive sales agent in USA and Canada
- Acuflex, an exclusive distributor based in Dubai for Middle East markets.
- Alsof, an exclusive distributor in South Africa
- Hipple, an exclusive distributor in South-East Asia
- Local sales teams located in Australia, Malaysia and China
- Current searching for distributor based in Europe

SECOS RESEARCH & DEVELOPMENT (R&D) CAPABILITIES



New matched R&D funding of \$140.6 million from the Australian Federal Government for a new Cooperative Research Centre (“CRC”) program aimed at **solving the plastic waste problem**

The Solving Plastic Waste CRC is to commence in Q1 FY25 with SECOS’s share of funding to be confirmed once the R&D scope is finalised

SECOS’ Global R&D Centre leads sustainable product development:

- Compostable netting for produce and agriculture with certification approved in Q1 FY25
- New lower cost resin grades pending final certification in H1 FY25
- Newly developed magazine wrap pending certification in H1 FY25
- Low gauge (low thickness) produce bags now available
- Pallet wrap product development continuing

Global R&D Centre driving:

- Ongoing improvements to quality standards in products
- Collaboration with key brands 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

UPDATE ON DRAFT VICTORIAN HOUSEHOLD WASTE & RECYCLING STANDARD 2024

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



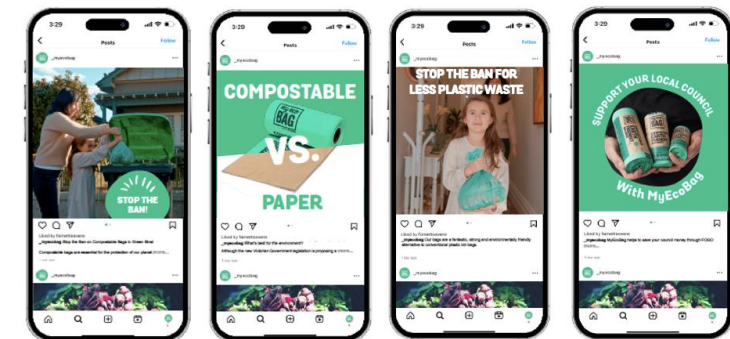
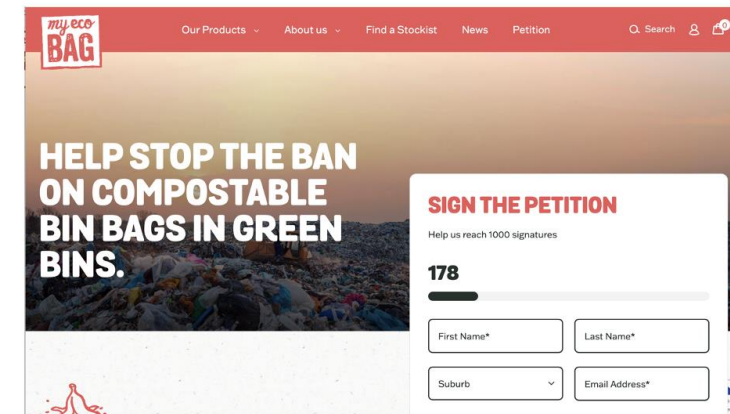
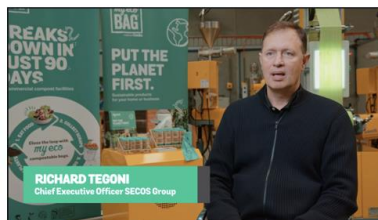
UPDATE ON DRAFT VICTORIAN HOUSEHOLD WASTE & RECYCLING STANDARD 2024 (CONTINUED)

In tandem with government lobbying efforts, SECOS undertook a marketing campaign to mobilise public support against the proposal and to sign a petition at myecobag.com.au/stop-the-ban-petition.

The campaign included outdoor billboards, shopping centre media and paid social media advertising on Facebook, Instagram, Google and YouTube.

Additionally, SECOS engaged in public relations activity and collaborating with social media influencers to maximise reach and impact.

BIOPLASTICS MEANS NO CHEMICAL CONTAMINATION



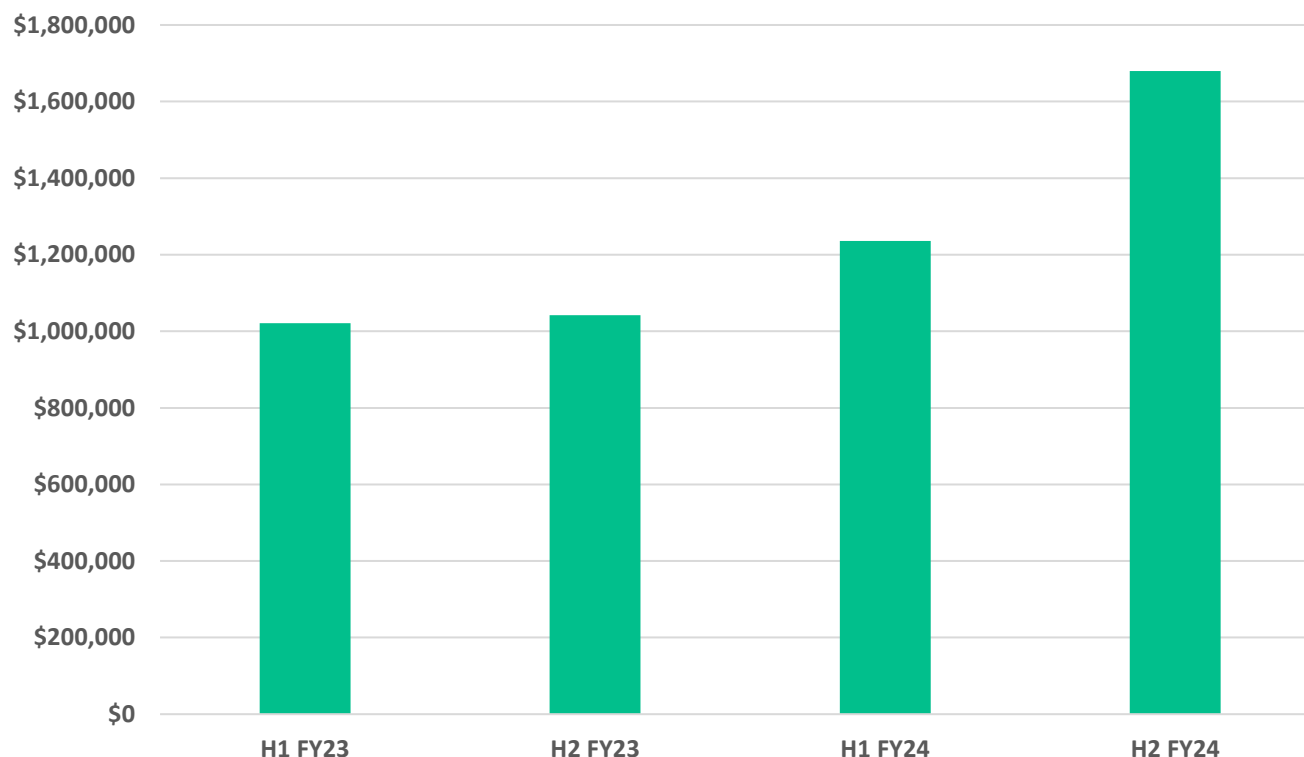
FY24 SALES BY PRODUCT SEGMENT

- **MyEco® branded products (Australia)** 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® branded products (USA and Canada)** sales to JCC, which are in the ramp-up stages, are trending up: \$0.3m in FY24 versus \$0.1m in PCP. Orders increased in Q4 FY24, to \$0.3M of which \$0.2m will be delivered in Q1 FY25
- **Council and Waste Management** 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 excess resin inventory being held by customers. New lower cost grades being introduced to address evolving market demands
- **White label and other sales** were down 26.7% on PCP and includes compostable film which was down 1.7% on PCP, due to JCC switching from their Lucky Dog® products to MyEcoWorld® branded products
- SECOS ceased trading in **traditional plastics** in Q2 FY24



FY24 SALES BY PRODUCT SEGMENT

COMPOSTABLE BAGS- MYECO BRANDED



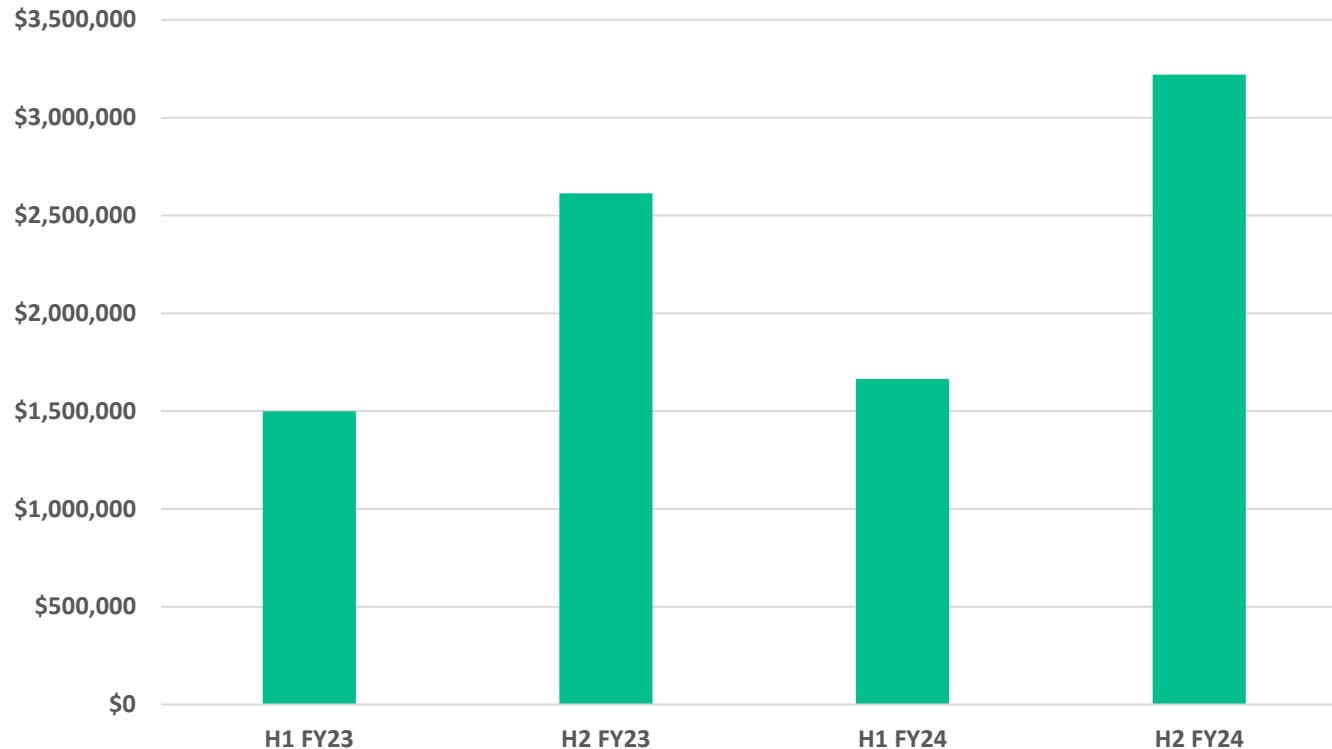
- FY24 MyEco® Branded global sales grew by 33.0% on PCP
- MyEco® Branded products sold in over **2,400 Australian stores** comprising 970 Woolworths stores, 850 Coles Stores and in independent stores
- MyEcoBag® maintains its position as the **number one brand** within Woolworths¹ compostable bin liner and kitchen caddy sales, representing **46% of sales** in this category
- MyEcoBag® range achieved **29% of all Coles**² compostable bin liner and kitchen caddy sales since the launch in November 2022

¹ Quantum Scan Data between 12/7/23 to 9/7/24

² IRI Scan Data between 12/11/22 to 2/7/24

FY24 SALES BY PRODUCT SEGMENT (CONTINUED)

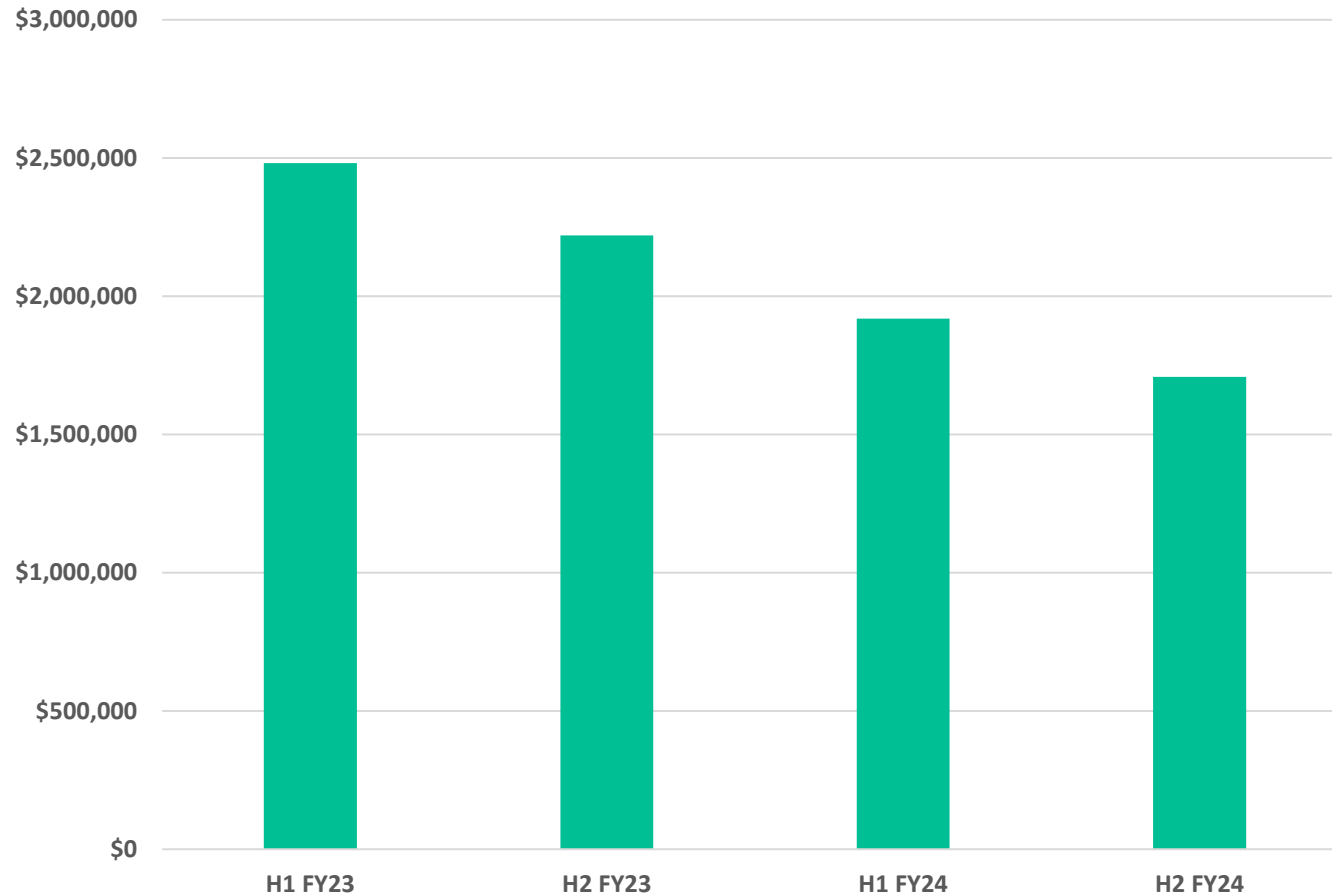
COMPOSTABLE BAGS- COUNCIL & WASTE



- FY24 sales increased by 17.5% on PCP
- Increased supply to 52 councils in FY24 (FY23: 34 councils)
- FOGO rollout programs expected to continue as more local governments strive to achieve their 2025 sustainability targets
- Further growth in FY25 is expected based on current FOGO orders and contracts in place

FY24 SALES BY PRODUCT SEGMENT (CONTINUED)

COMPOSTABLE RESIN SALES



- Decline in resin sales is stabilising and was up 13.5% in Q4 FY24 vs Q3 FY24, although there is residual impact of difficult global market conditions and excess inventory of compostable resin held by customers
- Entered into a new distribution agreement with SM Resinas, a major distributor of resins in Latin America and new SECOS sustainability partner
- Expected to launch new resin grades in FY25 aimed at boosting sales volumes by opening new product/market opportunities

FY24 FINANCIAL RESULTS



FY24 PROFIT AND LOSS

(CONTINUED OPERATIONS)

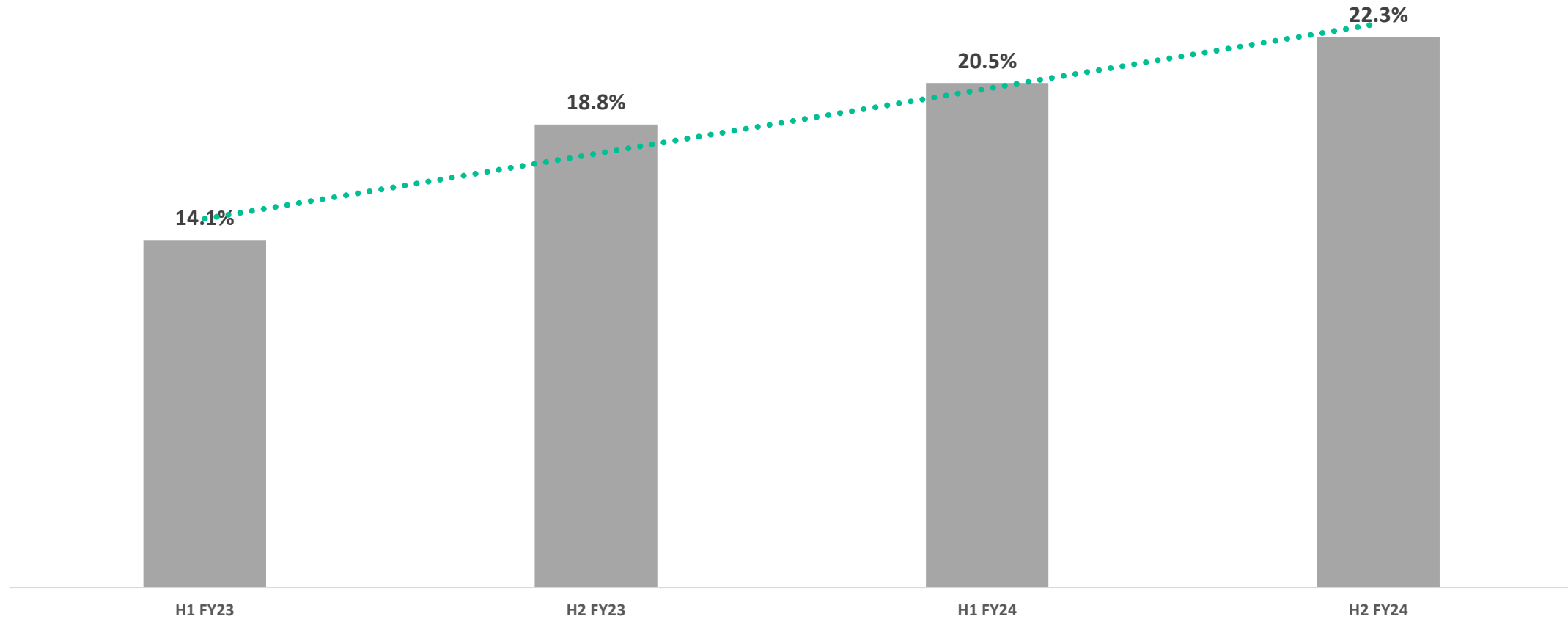
- FY24 **Group** sales down by 8.1% impacted by:
 - Resin sales, down 22.6% on PCP, due to difficult global market conditions and logistic/pandemic factors that led to excess resin inventory being held by customers
 - MyEco[®] branded products sales up 33.0% on PCP
 - Council and Waste Management sales up 17.5% on PCP
- Gross margin continues growth, up 505 bps on PCP
- Employment related expense increased by 17.9% driven by the investment in people and capability
- Administration expense is favourable by 44.7% 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 from 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)	44.7%
Legal & Compliance expenses	(637)	(490)	(30.0%)
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)	(56.5%)
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

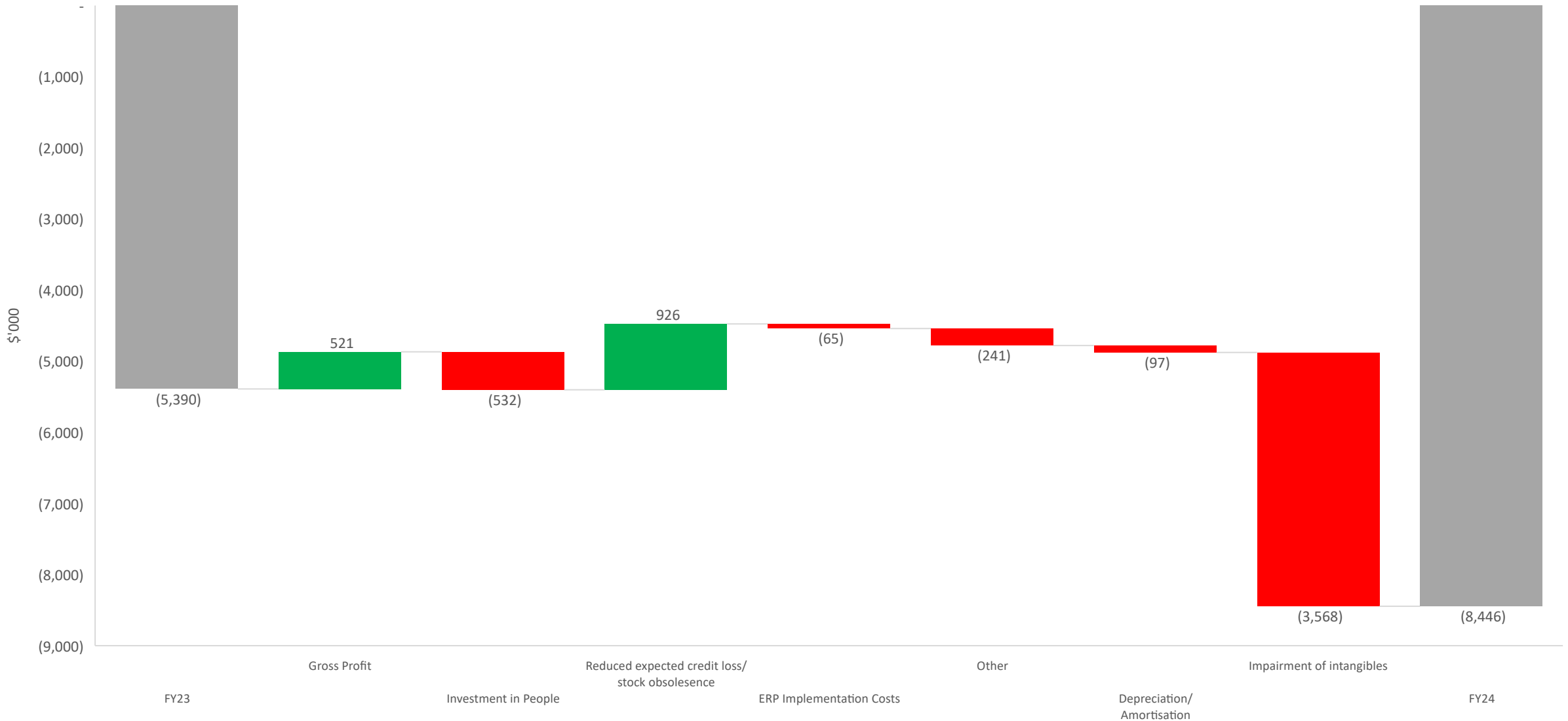
FY24 GROSS MARGIN RECOVERY (CONTINUED OPERATIONS)

GROSS MARGIN %



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

LOSS BEFORE TAX MOVEMENT (CONTINUED OPERATIONS)



BALANCE SHEET

30 JUNE 2024

- Cash balance at 30 June 2024 was \$6.1m with no debt
- Current ratio of 3.8x compared to 4.6x in June 2023
- 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

(CONTINUED & DISCONTINUED OPERATIONS)

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

SECOS remains **debt free** with **\$6.1m cash** as of 30 June 2024.

STRATEGY & OUTLOOK



STRATEGIC DIRECTION

A TRUE SUSTAINABLE PRODUCTS COMPANY, STRIVING TO BECOME A LEADER IN SUSTAINABLE SOLUTIONS

- SECOS is a proactive leader in the evolving regulatory and market landscape in Australia
- Entering new markets to build global market share with our leading Australian MyEco® brand, with progress in the USA via JCC and new partner SM Resinas in Latin America
- Launching new sustainable products via established global retail and distribution sales channels
- Developing strategic manufacturing partnerships for compostable resin and production of new MyEco® products
- Continuing investment in R&D to support next generation biopolymers, expanding our portfolio of retail and commercial end products



SALES OUTLOOK IS STRENGTHENING

- Ongoing growth in **major retailers** and independent distributors of the global MyEco® branded products which are currently sold in over **2,400 stores** in Australia and growing in the USA
- Continued growth in **Council and waste business** underpinned by new councils introducing FOGO programs to divert household food scraps 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 12L MyEcoBag in Woolworths and PCR in Costco Mexico in H1 FY25.

MARGINS TO CONTINUE TO GROW

- Gross margin expected to continue its **upward trend**

INVESTMENT IN CAPABILITIES TO UNDERPIN GROWTH

- Investment in distribution channels and marketing to drive sales and to establish the MyEco® brand as leader in sustainability

R & D INNOVATION

- Develop future compostable resin technology with funding support via the Solving Plastic Waste CRC program starting in Q1 FY25
- Expected launch of new compostable products in H1 FY25

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.

