

2022 AGM PRESENTATION

30 NOVEMBER 2022

ASX: SES

CHANGING THE WORLD OF PACKAGING

PRESENTERS



Richard Tegoni
Executive Chairman



Ian Stacey
Chief Executive Officer



Colin Lai
Chief Financial Officer &
Company Secretary

CEO PRESENTATION

CHANGING THE WORLD OF PACKAGING

STRATEGY REACHES CRITICAL MILESTONES

- Scale of MyEco® Branded products now exceeding 2000 stores
- Major white label partners with Jewett Cameron (JCC) and EzyDog now exceeding 900 stores
- Three Biopolymer plants with capacity to deliver \$50m to \$60m sales revenue
- R&D Centre driving global brand collaboration 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 EcoVadis certification, a key ranking of ESG performance

SHORT TERM OUTLOOK

- Woolworths to continue momentum in 970 stores
- Launched into 770 stores in Coles from October 2022
- JCC's Lucky dog building orders into Costco USA and beyond
- EzyDog and JCC building orders into 900 stores across major retailers in Australia, USA and other markets
- Increasing direct store growth and number of distributors in the USA
- Excess LATAM resin inventory expected to sell through during H2 FY23
- Council FOGO (Food Organic, Garden Organic) program deadline 2025

MEDIUM TERM OUTLOOK UNDERPINNED BY R&D LED SALES PIPELINE

- Co-funded global collaboration to develop new product lines/customers
- Scale-led efficiencies expected to improve gross margins
- Global partnerships offering low cost/risk entry into new markets
- New product developments to drive sales e.g.- composable clear film and cling film
- R&D program aimed to maintain market leading technology e.g.-New Resin grades
- Beginning to supply to new markets e.g.- Middle East, Europe.

CURRENT MARKETS DRIVING SALES GROWTH

| Market | Product | Sales Channel | Branding | Success |
|-------------|---------------------------|---|---------------|------------------------------|
| Australia | Compostable Bags - Retail | Direct Major Retailers (Coles/Woolworths) | MyEco® | High |
| | Council FOGO Bags | Direct to Council | Cardia® | High |
| | Pet Waste Bags | White Label (EzyDog) | Login® | High |
| | Compostable Range | Ecommerce | MyEco® | Early Stage |
| | Compostable Courier | Direct (Officeworks) | MyEco® | Developing |
| USA | Pet Waste Bags/Bin Liners | White Label (JCC) | Lucky Dog® | High |
| | Pet Waste Bags/Bin Liners | Direct via Distributor | MyEco® | Developing |
| | Compostable Resin/Films | Direct to Converter | Cardia® | Early Stage |
| LATAM | Compostable Resin | Exclusive Distributor (ISOI) | Cardia Resin® | High/Excess Inventory Delays |
| | Compostable Resin | Appointed Sub-Agents | Cardia Resin® | Developing |
| | Compostable Films | Direct to Customer | White Label | Early Stage |
| Malaysia | Compostable Bags | White Label | White Label | High |
| | Compostable Resin/Films | Direct to Converter | Cardia Resin® | High |
| China | Compostable Bags | White Label | White Label | High |
| | Compostable Films | Direct to Converter | Cardia Film® | Developing |
| | Compostable Resin | Direct to Converter | Cardia Resin® | Developing |
| Middle East | Compostable Resin/Films | Direct to Converter | Cardia Resin® | Early Stage |
| | Compostable Bags | Direct to Retailers | White label | Early Stage |
| Europe | Compostable Resin/Films | Direct to Converter | Cardia Resin® | Early Stage |
| | Compostable Bags | Direct to Retailers | MyEco® | Early Stage |

INTEGRATED BUSINESS MODEL

- 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;

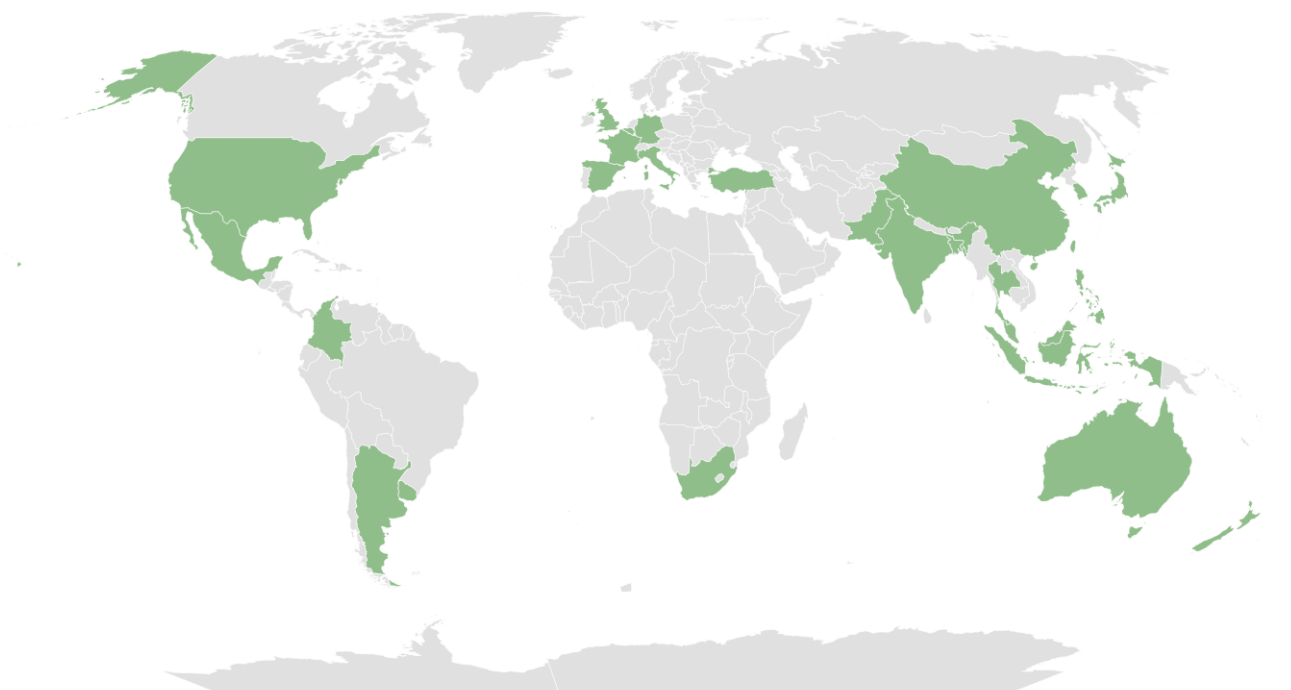
CFO PRESENTATION

CHANGING THE WORLD OF PACKAGING

FY22 REVENUE GROWTH UNDER DIFFICULT CONDITIONS

| Region (\$'000) | FY22 | FY21 | Change |
|-----------------|---------------|---------------|-------------|
| Oceanic | 6,512 | 5,060 | 28.7% |
| Asia | 15,617 | 13,930 | 12.1% |
| Americas | 6,337 | 8,975 | (29.4%) |
| Europe | 1,426 | 1,402 | 1.7% |
| Africa | 1,151 | 714 | 61.2% |
| Total | 31,043 | 30,081 | 3.2% |

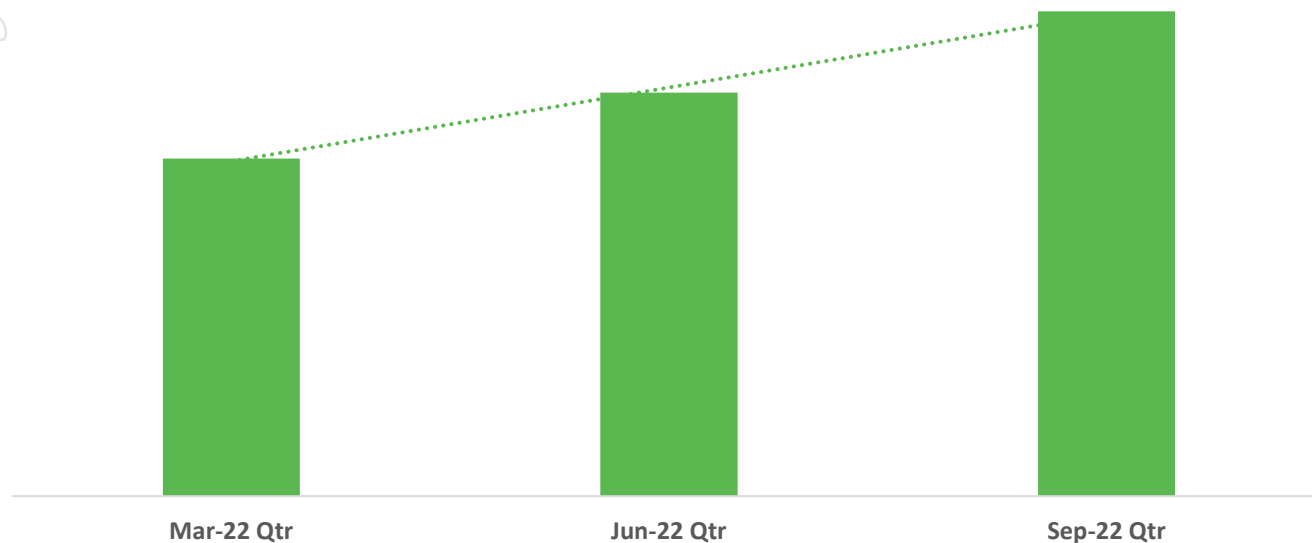
Locations of Global Customers



- FY22 **Biopolymer** revenue was up 2.3% vs PCP
- FY22 **Americas** was impacted by loss of \$3.0-\$4.0 million in sales to JCC due to packaging issues that developed with the State of California. Sales with JCC have now re-commenced.
- **Q1 FY23** Biopolymer revenue was up 13.7% vs PCP

FY22 GROSS MARGIN IMPACT AND RECOVERY IN FY23

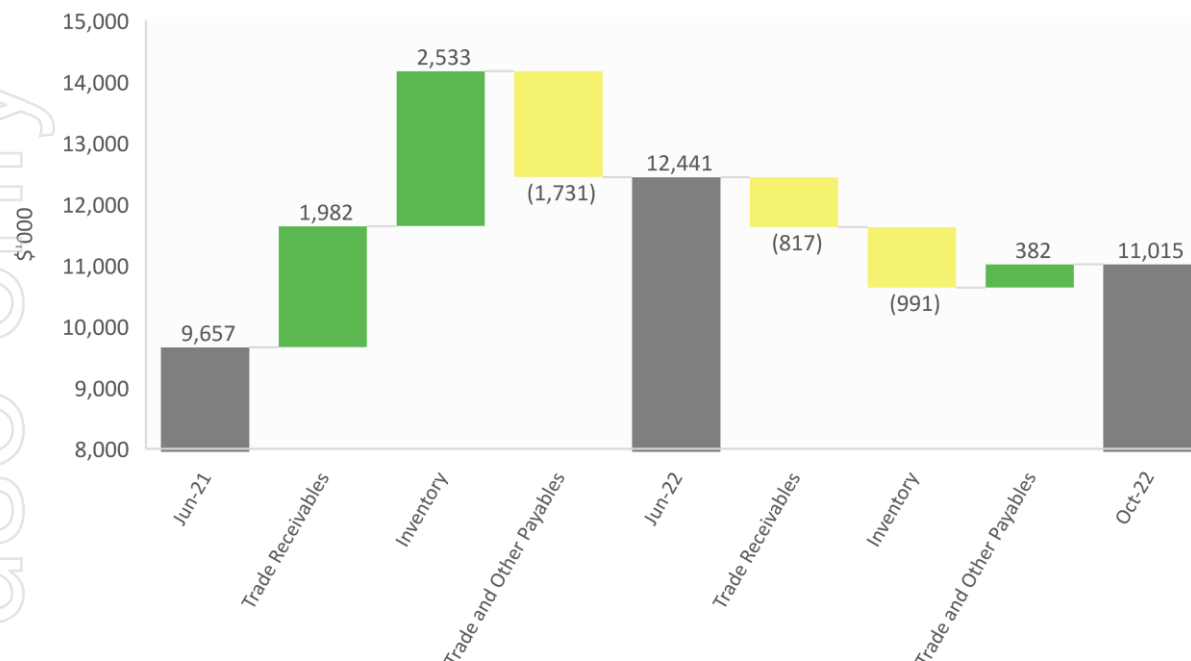
Gross Margin (%) by Quarter



- Key raw material and freight costs increased significantly in FY22 as a result of the rebound in demand following the initial impact of COVID-19 and external macro events.
- So far in FY23, key raw material costs are trending towards pre-pandemic levels, which will further support stronger product margins going forward.

WORKING CAPITAL AND CASH FLOW

Working Capital Movement



- In **FY22**, working capital increased due to investment in inventory to mitigate supply chain issues and meet supply requirements of customers.
- In **FY23**, working capital is starting to unwind as supply chain and fulfilment timelines begin to retract.

Cash Flow Movement

| \$'000 | Q1FY23 | FY22 | FY21 |
|--------------------------------------|--------------|--------------|---------------|
| Cash Flows from Operating Activities | 960 | (4,060) | (4,704) |
| Cash Flows from Investing Activities | (198) | (2,442) | (1,150) |
| Cash Flows from Financing Activities | (227) | (747) | 14,390 |
| Net Cash Movement | 535 | (7,249) | 8,536 |
| Foreign Exchange | 11 | 84 | (128) |
| Closing Cash | 4,668 | 4,122 | 11,287 |

The Group remains **debt free** with \$4.3m cash as of 31 October 2022

INVESTMENTS DELIVERED DURING FY22

People

- Increased capability through new hires of key personnel to enable the following:
 - Development and enhancement of Head Office R&D competencies
 - Growth in new retailers in Australia and establishment of USA market

Brand

- Focus on brand health and presence, with marketing spend doubling in FY22 vs PCP.
- Australia has focused on MyEcoBag brand development, website and packaging in addition to increasing our presence at trade shows.
- USA has focused on brand and website development for both MyEcoWorld and MyEcoPet.

Capital Expenditure

- Establishment of new Malaysian Biopolymer plant with manufacturing capability
- Investment in an Australian R&D Centre

CORPORATE OVERVIEW

ASX Code: SES

| | |
|--------------------------------|---------|
| Share Price (29 Nov 2022) | \$0.12 |
| Market capitalisation @ \$0.12 | \$64.3m |
| Shares on issue (listed) | 535.9m |

Substantial Shareholders

| | |
|---|-------|
| R&K Edwards Investments LLC | 10.7% |
| Belgravia Strategic Equities | 9.9% |
| Donald Haller Jr | 8.5% |
| Top 20 | 59.9% |
| Total Board and management shareholdings* | 18.0% |

**Includes indirect holdings*

Board & Executive Members

| | |
|------------------|--|
| Richard Tegoni | Executive Chairman |
| Stephen Walters | Executive Director |
| Donald Haller Jr | Non-Executive Director |
| Jim Walsh | Non-Executive Director |
| Ian Stacey | Chief Executive Officer |
| Colin Lai | Chief Financial Officer, Company Secretary |

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.

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