

ASX RELEASE

6 June 2017

SECOS launches Share Purchase Plan & Placement

Highlights:

- **SECOS announces Share Purchase Plan (SPP) to raise a target of A\$1.5 million at \$0.08 per share to accelerate growth**
- **Share placement to be made to sophisticated and institutional investors at SPP price to raise \$0.5 million**
- **Proceeds to fund anticipated growth building on positive recent sales momentum, meet demand for biodegradable resins in Malaysia and support US business development**
- **SECOS to present to institutional and high net worth investors at the 121 Tech Investment Conference in Hong Kong on 15-16 June 2017**

Sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, “the Company”) is pleased to advise that the positive trading results reported in the March quarter for its films business in Australia and Malaysia have continued into the current quarter.

The Company has lifted its sales run rate significantly compared to the prior comparable period and now has multiple opportunities at hand to drive continued sustainable growth.

The Company has embarked on a profit improvement plan which has gained pleasing traction and puts SECOS on track for positive cash flows in early 2018. The Board now seeks shareholder support to assist in completing this plan.

Share Purchase Plan

The Board is pleased to announce SECOS’ Share Purchase Plan (“SPP” or “the Offer”) to provide eligible shareholders with the opportunity to increase their shareholdings and to assist in funding SECOS’ anticipated growth.

The Company is offering eligible shareholders the opportunity to acquire up to \$15,000 worth of SECOS shares at A\$0.08 per share, which represents a 14.8% discount to the volume weighted average price of SECOS shares traded over the last 20 trading days prior to the announcement of the Offer.

The SECOS Board is targeting to raise A\$1.5 million through the SPP to support the Company’s growth initiatives.

All persons registered as a SECOS shareholder on the Record Date with an address on the register in Australia or New Zealand are eligible to participate in the SPP.

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The Company reserves the right to raise additional funds under the SPP or Placement, subject to demand.

Share Placement

In addition to the Share Purchase Plan, the Board is pleased to announce that it intends to raise an additional \$500,000 by way of a Share Placement after the close of the SPP to further support the Company's growth initiatives.

The Share Placement will be made through a bookbuild to sophisticated and institutional investor clients of Patersons Securities Ltd to:

- (a) place any shortfall not subscribed to by existing shareholders through the SPP; and
- (b) to raise an additional \$500,000 or such other amount as determined by the Board

The placement shares will be issued at the same price as shares offered under the SPP, and, unless the Company elects to obtain member approval pursuant to ASX Listing Rule 7.1, the Share Placement will be subject to issuing the number of shares permitted under the Company's available placement capacity under ASX Listing Rule 7.1 and 7.1A (if available).

Further details regarding the Share Placement will be announced by SECOS after closing of the SPP.

Details of the SPP

Eligible shareholders who held SECOS shares as at 7 pm (AEST) on 5 June 2017 will have the opportunity to increase their shareholding in the Company at an issue price of A\$0.08 per share (being a 14.8% discount to the volume weighted average market price over the last 20 trading days) without incurring brokerage, commissions or other transaction costs.

Eligible shareholders can participate in the SPP in respect of a range of amounts between A\$1,000 and A\$15,000 irrespective of the size of an eligible shareholder's existing shareholding. Participation in the SPP is optional and the SPP is scheduled to close at 5.00pm (AEST) 28 June 2017.

All new shares issued under the SPP will rank equally with existing fully paid ordinary shares from the date of issue and will carry the same voting rights, dividend rights and other entitlements as existing fully paid ordinary shares.

SECOS reserves the right to scale back applications under the SPP at its discretion.

Use of funds

The Company will deploy proceeds of the Offer to fund SECOS' ongoing growth, including:

- (a) expanding and diversifying manufacturing capacity for bioplastic resins;
- (b) increasing sales and marketing capabilities in the USA; and
- (c) further development of proprietary bioplastic technology to expand and enhance SECOS' product range; and to strengthen the Company's balance sheet and provide working capital.

Business development progress across all segments

SECOS' financial results have continued to improve into the end of FY17, with cash receipts up 20% year-on-year in the March quarter and healthy business development supporting further growth in the current quarter.

The Company's films operations in Australia and Malaysia are now trading profitably with sufficient spare capacity to meet anticipated growth in demand.

SECOS has successfully fulfilled initial commercial orders from major US-based pet product wholesalers and retailers including for Walmart and Pet Valu and sees potential to grow this channel into a significant source of Group revenue.

Securing a more suitable export debt funding facility has brought SECOS significant freedom to pursue new growth opportunities.

Across its business, SECOS is executing a strategic shift toward the more attractive segments of resin and film. The Company sees attractive opportunities to boost performance through investment in several key product lines.

SECOS' Executive Chairman, Richard Tegoni, said:

"SECOS has developed to an exciting point as the company is set to benefit from increasing demand, through both organic growth and legislative changes as the market continues to shift toward biodegradable and compostable solutions.

"My fellow Directors and I are very focused on improving the Group's trading performance across all business units to achieve profitable trading and generation of free cash flow.

This SPP and subsequent placement represents a great opportunity for new investors to share in the Company's future growth, and for existing shareholders to increase their investment in SECOS on favourable terms.

"SECOS' directors have all committed to support the Company's growth initiatives by participating in the SPP under the Offer.

"With line of sight on significant growth for our Company, I take this opportunity to thank SECOS' shareholder base for its longstanding support and loyalty."

A copy of the SPP booklet will be posted to Eligible Shareholders this week. Patersons Securities Limited will act as Lead Manager for the SPP.

SECOS to present at the Hong Kong 121 Tech Investment Conference, 15-16 June

SECOS invites all investors to join the Company at the 121 Tech Investment Conference on 15 and 16 June at the Grand Hyatt Hotel in Hong Kong.

This event will offer more than 200 institutional and private investors, analysts and financiers the opportunity to meet with more than 40 tech company management teams.

Investors can apply for a free conference pass at [this link](#).

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth, bringing FY16 revenue of \$21 million.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in Nanjing, China, with manufacturing plants for high quality cast films in Melbourne and Kuala Lumpur, Malaysia. SECOS' annual production capacity is 7,200 tonnes of bioplastic resins, 15,000 tonnes of cast film and 2,000 tonnes of blown film and finished products.

SECOS has sales offices in Australia, Malaysia, China and the US, with a network of leading distributors across the Americas, Asia and Europe.