

ASX RELEASE

11 August 2021

Material Improvement in FY21 Results

Highlights:

- SECOS expects to report a net profit of \$2.6m (unaudited) for the year ended 30 June 2021, significantly up from the net loss of \$1.2m in the prior comparative period.
- The net profit includes \$2.07m of deferred tax assets recognised as the Company has started to utilise tax losses carried forward but previously not booked.

In accordance with ASX Listing Rules 3.1, the Board of Sustainable and eco-friendly bioplastics developer, SECOS Group Limited (ASX:SES “the Company”) is pleased to advise of a material improvement in results for the fiscal year ending 30 June 2021.

Headline numbers, based on management accounts, are subject to the completion of year-end audit:

	FY21 \$'000	FY20 \$'000	Variance	
Revenue from ordinary activities	30,081	21,039	Up	43.0%
Gross profit	5,710	3,688	Up	54.8%
Gross Margin	19.0%	17.5%	Up	1.5 Points
Net Profit / (Loss) before tax	537	(1,186)	Up	145.3%
Net Profit / (Loss) after tax	2,590 ¹	(1,186)	Up	318.4%

SECOS expects to publish its fully audited accounts on Friday 27 August 2021.

¹ Includes \$2.07m Deferred Tax benefits.

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Outlook for 2022

The SECOS Board and management expect growth to continue in FY2022 at similar levels however, due to Covid-19, trading conditions remain uncertain. The Company's current capacity expansion rollout plan is forecast to be completed in late CY2021 and should allow for a higher rate of growth in the second half of the financial year with growth more modest in the September quarter. The Company's pipeline of orders and customer development remains strong.

Covid-19

SECOS experienced significant disruptions throughout the past year due to the impacts of Covid-19, including numerous lockdowns and delays in shipping and logistic limitations. Despite these impacts the Company delivered a record 43% top line growth and a maiden profit of \$2.59m (unaudited). Trading disruptions due to Covid-19 are expected to continue throughout the coming year with the Delta variant presenting heightened challenges around the world. The SECOS Board feel confident the company can continue to navigate through these difficult times as it has done so successfully over the past year. SECOS enjoys the flexibility of having four manufacturing facilities across two countries and sales offices in Australia, USA and distribution partners in Mexico and Europe. The Board's priority will be the safety of its staff across all locations and to continue safe working practices. Currently, nearly all staff have received at least the first dose of the vaccine in their local jurisdiction.

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. SECOS supplies its proprietary biodegradable and compostable resins, packaging products and high-quality cast films to a blue-chip global customer base. SECOS Group is integrated from resin production, into film (cast and blown) production and can develop bespoke compostable solutions for a range of applications.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth.

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 China and a resins plant in Malaysia. The Company also produces high quality cast films in Malaysia.

SECOS has sales offices in Australia, Malaysia, China, and USA, with a network of leading distributors across North Americas, Mexico and Latin Americas, Europe, Asia, the Middle East, Africa, and India.

Disclaimer and Explanatory Notes Forward Looking Statements

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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