ASX RELEASE

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SECOS launches new biopolymer plant in Malaysia

Summary

- SECOS is continuing to see strong growth in demand across its range of bio-based compostable products, driven by the global trend of consumers, regulators and brands to replace single use plastics.
- Recent new demand includes an increase of 30% (to 5 million AUD p.a.) in the minimum annual offtake with Jewett-Cameron (announced in August 2020) for compostable pet waste bags for the US market.
- To accommodate growing demand, SECOS has committed to an expansion of its bio-polymer resin product production in Malaysia by 200% from 1800 to 5400 tonnes p.a.
- This increase in capacity follows the expansion of its Nanjing, China facility in December 2020 which increased output by over 100% to 2040 tonnes p.a.
- SECOS has also signed a lease on a new site in Malaysia to house the new bio-based manufacturing facility and has allocated a 2 million AUD capital investment budget for the total expansion in Malaysia.
- The combined expansion of the China and Malaysian facilities will allow SECOS to increase certified compostable product sales to new and existing customers by over 25 million AUD p.a.

The Board of sustainable and eco-friendly Biopolymer producer SECOS Group Limited (ASX: SES, "the Company") is pleased to announce strong and growing demand for its compostable bio-plastic products. Recent increases in demand include an increase in the minimum annual offtake under its contract with Jewett-Cameron (ASX announcement 10 August 2020) for compostable pet waste bags for the US market by 30% to 5 million AUD p.a. Together with additional volumes from other existing and new customers is anticipated to be over 6.5 million AUD p.a. for compostable products.

This strong and consistent growth is being driven by global industry tailwinds, in particular as single use plastics are banned in more jurisdictions around the world. Consumers, regulators and leading brands are reinforcing the pressure to replace single use plastics with compostable bio-based alternatives.

SECOS Group Limited (ASX: SES)
ABN 89 064 755 237
Level 3, 302 Burwood Road, Hawthorn, VIC 3122 Australia
T: +613 8566 6800 **E**: info@secosgroup.com.au **E**: www.secosgroup.com.au

SECOS is pleased to announce that it has committed to expanding its bio-based manufacturing capacity in Malaysia, and has secured a 3 by 2 year lease for an established 4,200 m^2 factory close to its existing Port Klang operations. Capital investment in the new plant is budgeted at circa 2 million AUD for the purchase and installation of additional resin, new film extruders and bag making machines which will increase capacity from 1800 to 5400 tonnes p.a. The first part of the increase will be the expansion in bag making capacity which is expected to commence in May/June 2021 at the newly leased site, whereas the bioresin capacity will come on-line in Sept./Oct. 2021.

The Malaysian investment represents the Company's second phase of expansion following the completion of the expansion of its Nanjing, China facility in December 2020 which increased biopolymer production by over 100% to 2040 tonnes p.a.

Incremental capacity from the new plants in Malaysia will support an additional 25 million AUD in sales once at full production. Products including compostable resin, film, bin liners, kitchen caddies, and dog waste bags produced in the new plant are targeted for sale and supply both locally and internationally via Jewett-Cameron to 'Big Box' retailers and other newly acquired customers.

A major benefit of this expansion (beyond the addition of extra capacity) will be the creation of two independent, vertically integrated bio-based manufacturing hubs within China and Malaysia respectively, providing SECOS with substantially increased flexibility to produce and supply resin, film and bags in volume from both countries.

SECOS CEO, Ian Stacey, said:
"We are excited about our phase two expansion plans which will allow us to meet the rapidly growing demand for our biobased product range, expand our manufacturing capabilities outside of China, while at the same time provide manufacturing redundancies and improve the effectiveness of our supply chain"

For more information, please contact:

Richard Tegoni
Executive Chairman
+61 411 110 901
r.tegoni@secosgroup.com.au

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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