

ASX AND MEDIA RELEASE

23 October 2018

Dear Shareholder,

\$4 million Capital Placement and Non-Renounceable Rights Issue

The Board of sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES) (**Company**) announces that it has received commitments in relation to a private placement to sophisticated and professional investors of 15,179,597 Shares at an issue price of \$0.062 per share raising approximately \$1.2 million (**Placement**). Placement to be issued under ASX Listing Rule 7.1. The Company anticipates completing the Placement and issuing the Placement Shares on Friday, 26 October 2018.

In addition, the Company will seek shareholder approval pursuant to ASX Listing Rule 10.11 to make placement of 4,516,130 Shares to directors of the Company, of which:

- (a) 1,612,904 will be issued to Chocolate Investments Pty Ltd, an entity associated with Mr Richard Tegoni at a price of \$0.062 per share; and
- (b) 2,903,226 will be issued to Mr Donald Haller Jr at a price of \$0.062 per share,

raising approximately \$280,000 (**Director Placement**) on the same conditions as the Placement. The Company will seek shareholder approval for the Director Placement at its Annual General Meeting to be held on 30 November 2018, with the relevant notice of meeting to be dispatched to Shareholders on 26 October 2018.

The issue price of the Placement and Director Placement represents a 7% discount to the volume weighted average price in the prior 15 trading days of \$0.066.

The Company is pleased to have gained the strong support of its major shareholder Belgravia Strategic Equities Pty Ltd in the Placement. Belgravia has also indicated its intention to take up its existing entitlement under the Rights Issue in full.

The Company's Directors have supported the Placement and those who are eligible intend to participate in the Rights Issue.

The proceeds of the Placement and Rights Issue will be used to fund:

- Growth in resin sales
- Significant cost reductions by restructuring the Company's Australian plastics plant
- Repayment of debt
- Offer costs and working capital to meet SECOS' growth objectives

SECOS Group Limited (ASX: SES)

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SECOS Chairman, Richard Tegoni, said:

“SECOS welcomes the strong support of new and existing sophisticated investors in this growth capital raising.

“The funds raised will enable further consolidation of SECOS’ traditional plastic film operations. This one-off exercise will boost utilisation of SECOS’ capacity in its Malaysian operations and take material cost savings to the Company’s bottom line of the order of \$1 million per annum.

“These changes will tighten the Company’s primary strategic focus on its rapidly growing, higher-margin bioplastic resin business. The Company’s outlook for this segment is strongly positive: we expect to increase bioplastic resin sales sevenfold, from the current annual revenue run-rate of \$1 million to more than \$7 million by June 2019 in this segment.

“This focus supports SECOS’ ambition of becoming a world leader in bioplastics, a market with attractive demand dynamics driven by consumers increasingly requesting environmentally sustainable products, legislative change with several countries having banned single-use plastics, and rising pressure on Australian landfill sites from China’s ban on plastic waste.

“These new funds will empower the Company to aggressively boost revenue in its target markets, not just for FY19 but for longer-term growth in FY20 and FY21.”

The Company also announces that it will undertake a non-underwritten, non-renounceable pro rata rights issue of new fully paid ordinary shares in the Company (**New Shares**) on the basis of one (1) New Share for every six (6) existing shares held by Eligible Shareholders on the record date, being 7.00 pm (AEDT) on Monday, 29 October 2018 (**Record Date**), at an issue price of \$0.062 per New Share to raise up to approximately \$2,700,000 (**Rights Issue**).

The Rights Issue is non-renounceable, which means that shareholders may not transfer their rights under the Rights Issue if they do not wish to take them up. The Rights Issue will also have a top-up facility that allows shareholders to apply for shares in excess of their entitlements, and the Company reserves the right to make a placement of any New Shares that have not been applied for following completion of the Rights Issue (**Shortfall Shares**).

The investors who receive Shares under the Placement will have those Shares registered by the Record Date and will be eligible to participate in the Rights Issue. The Placement investors have advised they intend to take up their entitlement.

Shares issued under the Placement, Director Placement and Rights Issue, and any subsequent placement of Shortfall Shares, will rank equally with existing ordinary shares on issue.

Only eligible shareholders may subscribe for all or part of their rights to New Shares under the Rights Issue. Eligible shareholders are those shareholders on the Record Date with a registered address in Australia or New Zealand, or a shareholder that the Company has otherwise determined is eligible to participate.

Patersons Securities Limited is the Lead Manager to the Placement and the Rights Issue.

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The Company will use the proceeds from the Placement, Director Placement and Rights Issue (collectively, the **Capital Raising**), which will be up to approximately \$4 million in total, for working capital purposes to expand manufacturing facilities in Malaysia, manage inventory and receivables in USA, fund restructuring of the films business in Australia, and expenses incurred in connection with the Capital Raising.

The key indicative dates for the Capital Raising are as follows:

Date*	Event
Tue 23 October 2018	Announcement of the Placement
	Announcement of the Rights Issue
	Cleansing Notice in respect of Rights Issue, Information Booklet and Appendix 3B in respect of the Rights Issue and Placement lodged with ASX
Fri 26 October 2018	Issue of Shares under the Placement
	Cleansing Notice in respect of Placement lodged with ASX
	Ex-date commences
Mon 29 October 2018	Record Date for Rights Issue (7:00pm AEST)
Tue 30 October 2018	Dispatch of Information Booklet and Entitlement and Acceptance Form to Eligible Shareholders
	Rights Issue opens
Thu 8 November 2018	Last day to extend the offer closing date
Tue 13 November 2018	Rights Issue closes (5:00pm AEST)
Wed 14 November 2018	Quotation on a deferred settlement basis
Fri 16 November 2018	The Company notifies ASX of under-subscriptions
Tue 20 November 2018	Issue of shares under Rights Issue – Deferred settlement trading ends
	Dispatch of holding statements
Wed 21 November 2018	New Shares expected to commence trading on the ASX

*Please note that this timetable is indicative only and may be subject to change at the Company's discretion, subject to the *Corporations Act 2001* (Cth) and the Listing Rules.

Richard Tegoni
Executive Chairman

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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.

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 8,000 tonnes of bioplastic resins, 18,000 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, Europe, Asia, the Middle East, Africa and India.

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