

ASX RELEASE

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Strategic Review of Stellar Films Australia

The Board of sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, “the Company”) announces that it is undertaking a strategic review of its wholly owned subsidiary, Stellar Films Australia (SFA), and SFA’s Australian cast film manufacturing assets (“Strategic Review”).

The Board has engaged an independent consultant, Promentor, to assist with the Strategic Review and will take all necessary steps to ensure that the best interests of all stakeholders are served by a thorough evaluation of the Company’s options.

SECOS Chairman, Richard Tegoni, said:

“SECOS has identified opportunities to significantly improve the Company’s performance in Australia by strengthening our strategic focus on our bioplastic assets while reducing our exposure to certain underperforming traditional plastic assets. Over the last three years we have seen significant growth in bioplastic sales while traditional plastic sales have remained steady.

“Our Australian cast film operations have faced multiple headwinds, including high fixed costs, and the rising prices of energy and freight which have become a common challenge for many Australian manufacturing businesses.

“These business improvement opportunities may include significant restructuring of our fixed overheads and production costs in Australia, greater utilisation of our Malaysian and Chinese operations, and a continued shift away from lower-margin and more capital intensive product segments. Any changes adopted would be in support of the Group’s strategy to be a world leader in bioplastics.

“Given the strength of the market for biodegradable and compostable plastics, and the traction our international business is gaining, the Board believes now is the right time to assess all available options to capitalise on the market position SECOS has established and maximised its future growth prospects.”

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While the review is underway, SECOS remains firmly committed to further growing its business and improving its financial performance. The Board is excited about the opportunities for significant growth as SECOS helps its diverse customer base expand their footprint in rapidly growing global bioplastics market.

The Company will keep shareholders fully informed in accordance with its continuous disclosure obligations.

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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, 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, Europe, Asia, the Middle East, Africa and India.

About Promentor

Promentor is management consultancy specializes in review of businesses.

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