

## ASX RELEASE

20 April 2022

# Woolworths expands SECOS products to 970 stores

## Highlights

- Woolworths ("WOW") has expanded the number of stores carrying SECOS products to 970 stores selling the Company's 8L compostable kitchen caddy bag range and 930 stores selling the 36L compostable bag range.
- The significant expansion in the number of Woolworths retail outlets carrying SECOS products reflects the immense success of the MyEcoBag® compostable bag.
- Woolworths reported MyEcoBag® (data supplied by Quantum) as the fastest growing garbage bag skew by sales and units for 2020/2021 despite only 203 stores stocking the products during this period.
- MyEcoBag® 36L bag sales grew by over 550% yoy and MyEcoBag® 8L bag sales grew by over 450% yoy.
- MyEcoBag® comprised over 40% of Woolworths' total compostable garbage bag sales growth yoy, leading other compostable brands despite only being represented in 203 stores during 2020/2021.
- SECOS expects the growth rate of MyEcoBag® sales to be further accelerated by the over 400% increase Woolworths retail outlets, which will improve plant utilisation and contribution to consolidated margins in 2022/23.
- The expansion of sales of the MyEco™ range via Woolworths will be supported by the recent manufacturing capacity expansion in the Company's new Malaysian biopolymer plant which commenced production this quarter adding annual sales potential of \$25 million.
- Major retailers and distributors including Woolworths, Officeworks, and Pacchini in Australia and Veteran Canteen Services and Untied Natural Food in the US now stock or distribute MyEcoBag® products, with further major retailers expected to launch MyEcoBag® range in the near future.

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The Board of sustainable and eco-friendly Biopolymer producer SECOS Group Limited (ASX: SES, "SECOS" or "the Company") is pleased to provide the market with an update on progress of its MyEcoBag® commercialisation activities.

MyEco™ success within Woolworths stores, together with the expansion into other distributors and retail chains supports the Board's strategic investment decision to expand in the retail market and the extra investment incurred in FY22. These investments are expected to achieve positive returns in the coming year.



SECOS Group CEO, Ian Stacey said, "The success of our MyEcoBag® range continues to exceed our expectations and is becoming the preferred brand by consumers who shop at Woolworths. With 970 stores soon to be stocking our 8L bag and 930 stores stocking our 36L bag we feel extremely optimistic that MyEcoBag® will become a household name over time. This, together with two additional major retailers and two leading distributors now stocking MyEco™ products in Australia and the United States, gives us confidence that growth in our retail branded segment will continue to outperform over the coming years.

We expect to expand sales through more major retail stores and launch new MyEco™ product SKU's during the coming year. We are also pleased that we can now better utilise our new bioplastic manufacturing plant in Malaysia to provide scale efficiencies required to counter the challenging cost and logistical pressures we have experienced throughout the year so far".

The availability of SECOS' compostable bags via Woolworths stores will give more households participating in approved council food organic waste programs the option to dispose of the bags and food waste in their green waste bin. The use of SECOS' compostable bags offers households a clean and convenient way to assist with the separation of their food waste which is critical to ensure food does not end up in landfill.

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The success of MyEco™ branded products is becoming a material subcategory within the Company's total bioplastic bag sales. The expansion into 970 Woolworths stores has validated the Board's decision to invest extra funds into developing a global retail brand during a period when the Company was experiencing a range of global challenges (Covid-19 related rising freight and input costs, shipping delays, Covid lockdowns in some ports and severe floods experienced at one of the Company's manufacturing hubs).

SECOS will continue to execute its growth strategy and expects returns to flow through to the bottom line as trading conditions normalize. The Company will also benefit from improving economies of scale through increased utilisation of the Company's new Malaysian plant which was launched in January this year.

SECOS continues to develop further opportunities for growth in new markets for its branded MyEcoBag® and MyEcoPet® line of products and is working to garner market share in grocery and convenience stores in Australia, the USA, Latin America and elsewhere.

This announcement was authorized for release by the Board of SECOS Group Limited.

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## About SECOS Group Limited

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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 resins plant in Malaysia. The Company also has manufacturing plants for 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

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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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