

ASX RELEASE

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SECOS expands supply of Compostable Shopping Bags with Ritchies IGA

The Board of SECOS Group Limited (ASX: SES, “SECOS” or “the Company”), a leading producer of sustainable packaging and materials, is pleased to announce a significant expansion of its agreement to supply compostable shopping bags to Ritchies IGA following a successful trial that exceeded both parties’ expectations.

Expanded Compostable Shopping Bag agreement with Ritchies IGA

The SECOS MyEcoBag® compostable shopping bags were so well received by customers in an 8-week trial in 5 Ritchies stores in Victoria, that Ritchies has asked SECOS to supply all 76 Ritchies stores in Victoria, New South Wales and Queensland.

Under the agreement Ritchies offers MyEcoBag® re-usable compostable shopping bags to customers at the checkout. The program is a major step in Australia’s plastic waste and carbon reduction efforts, reducing reliance on traditional plastic and carbon intensive paper bags. It also significantly expands a major new product category for SECOS.

As part of the agreement, SECOS will be working with Ritchies’ staff to explain the benefits of compostable bags to shoppers through educational campaigns and live demonstrations.

Currently, supermarkets and other stores typically offer either traditional plastic or paper bags to shoppers. It is a common misconception that paper bags made from plantation trees are an environmentally friendly choice. In reality:

- Paper bags require roughly four times more water than the manufacture of plastic, and produce 3.1 times more greenhouse gases¹;
- Paper bags are bulkier and weigh roughly eight times more than plastic bags, meaning transporting two million paper bags will require seven times as many trucks as two million plastic bags¹; and
- Critically, paper bags are often lined with untested or unregulated waterproofing or strengthening materials that are not fully compostable and may be harmful to soil and compost quality.

MyEcoBag® gives shoppers the confidence that they are choosing a safe, certified alternative that protects both the environment and the integrity of compost systems.

Ritchies IGA National Merchandise General Manager Jarrod Swaine said the customer response to the interstate rollout has been overwhelmingly positive.

“Two in three customers opted for the compostable option over traditional paper bags, with customers requesting more as soon as they sold out. A fantastic result, and we’re really looking forward to seeing the results across the broader Ritchies network,”

“Customers are happy to think they finally have another choice, and people love that they can reuse the bags for kitchen food scraps and place it into their council green bin (where accepted) or home compost. The bags fit more items than paper bags and hold the weight with ease.”

¹ Carbon Positive Australia [2018]

“In the first few weeks our Carrum Downs store sold 20,500 bags, Mount Eliza sold 10,250 and Mount Martha 10,250” he said.

SECOS MyEcoBag® CEO Richard Tegoni said he hopes the success of the compostable shopping bags will influence the wider industry to move quickly towards this environmentally friendly option.

“We are excited to showcase our compostable materials through the widespread introduction of compostable shopping bags. Together we want to educate shoppers about the environmental benefits of choosing compostable bags, part of our commitment to a sustainable future,” he said.

“We’ve seen the success of supermarkets in Western Australia and South Australia moving to compostable alternatives for fresh produce bags, with South Australia also adopting compostable shopping bags. We are excited that the Ritchies team is taking the lead in Victoria, New South Wales, and Queensland, and we hope other supermarkets and retailers follow their lead.

“The strong feedback from shoppers purchasing MyEcoBag® compostable shopping bags over paper bags has enabled us to secure pivotal meetings with additional retailers.

“We also hope the government takes notice of this shift in consumer attitudes and legislates to replace conventional plastic with compostable alternatives wherever possible.”

MyEcoBag® Product Range

The MyEcoBag® range of products has expanded its presence to more than 2400 Australian stores comprising 970 Woolworths stores, 850 Coles stores, 76 Ritchies IGA and other independent retail distributors.

MyEcoBag® has continued to strengthen its position as the number one brand in Woolworths compostable bin liner sales, capturing over 50 percent share in the latest quarter. The product has also recently captured the market lead position at Coles, recording over 40 percent share of the compostable bin liner and kitchen caddy category in the latest quarter.

SECOS expects demand for alternatives to conventional plastic and paper bags to continue to drive MyEcoBag®’s growth over the next two to three years.

The MyEcoBag® shopping bags are spacious and durable enough to hold about ten kilograms’ worth of groceries. The bags are puncture and tear resistant, meaning they can be reused as shopping bags multiple times and finally as a liner for kitchen compost caddies. They are fast to compost, taking as little as 90 days to fully break down when composted, leaving no microplastics or toxic residue. Made with GMO-free corn and other certified compostable materials, they are both compost and worm friendly.

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

For more information, please contact:

Richard Tegoni

CEO and Executive Director

+61 411 110 901

r.tegoni@secosgroup.com.au

SECOS Group Limited (ASX: SES)

ABN 89 064 755 237

Unit 1, 247 Ferntree Gully Road, Mount Waverley, Victoria 3149 Australia

t: +613 8566 6800 e: info@secosgroup.com.au www.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 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 fuelling 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.

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

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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ABN 89 064 755 237

Unit 1, 247 Ferntree Gully Road, Mount Waverley, Victoria 3149 Australia

t: +613 8566 6800 e: info@secosgroup.com.au www.secosgroup.com.au
